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No. 99——

In The Supreme Court of the United States

TRAFFIX DEVICES, INCORPORATED,
Petitioner,

v.

MARKETING DISPLAYS, INCORPORATED,
Respondent.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Sixth Circuit

PETITION FOR A WRIT OF CERTIORARI

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QUESTION PRESENTED

Whether this Court should resolve the circuit conflict—expressly acknowledged and deepened by the Sixth Circuit below—on whether federal trade dress protection extends to a product configuration covered by an expired utility patent.

RULE 29.6 STATEMENT

The caption contains the names of all parties that appeared in the Sixth Circuit. Petitioner TrafFix Devices, Incorporated has no parent companies or subsidiaries.

TABLE OF CONTENTS

	Page
QUESTION PRESENTED	i
RULE 29.6 STATEMENT	ii
TABLE OF AUTHORITIES	v
OPINIONS BELOW	1
JUURISDICTION	1
CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED	2
INTRODUCTION	2
STATEMENT OF THE CASE	4
REASONS FOR GRANTING THE WRIT	9
I. AS THE SIXTH CIRCUIT EXPRESSLY ACKNOWLEDGED, THE CIRCUITS ARE SPLIT ON WHETHER A PRODUCT CONFIGURATION COVERED BY AN EXPIRED UTILITY PATENT IS ENTITLED TO TRADE DRESS PROTECTION	9
II. THE SIXTH CIRCUIT DECISION CONFLICTS WITH NEARLY A CENTURY'S WORTH OF THIS COURT'S PRECEDENT ESTABLISHING THE PUBLIC'S RIGHT TO COPY AND USE AN INVENTION UPON EXPIRATION OF THE PATENT	19
III. THE CIRCUIT CONFLICT CONCERNS A MATTER OF OVERRIDING IMPORTANCE AS TO WHICH NATIONAL UNIFORMITY IS REQUIRED	26
CONCLUSION	30

TABLE OF CONTENTS—Continued

APPENDICES Page

APPENDIX A:

Opinion of the Court of Appeals, dated December 29, 1999 ..... 1a

APPENDIX B:

Opinion and Order of the District Court, dated June 12, 1997 ..... 25a

APPENDIX C:

Order of the District Court, dated July 9, 1997..... 58a

APPENDIX D:

Opinion and Order of the District Court, dated June 2, 1997 ..... 68a

TABLE OF AUTHORITIES

CASES: Page

Bonito Boats, Inc. v. *Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989) ..... *passim*
Braxton v. *United States*, 500 U.S. 344 (1991).... 9
Clamp Mfg. Co. v. *Enco Mfg. Co.*, 870 F.2d 512 (9th Cir.), *cert. denied*, 493 U.S. 872 (1989).... 17
Coats v. *Merrick Thread Co.*, 149 U.S. 562 (1893).. 19
Compco Corp. v. *Day-Bright Lighting, Inc.*, 376 U.S. 234 (1964) 22
Disc Golf Ass'n v. *Champion Discs, Inc.*, 158 F.3d 1002 (9th Cir. 1998) 17
Elmer v. *ICC Fabricating, Inc.*, 67 F.3d 1571 (Fed. Cir. 1995) 16, 24
Esercizio v. *Roberts*, 944 F.2d 1235 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992) 11, 23
Graham v. *John Deere Co.*, 383 U.S. 1 (1966)..... 25
I.P. Lund Trading ApS v. *Kohler Co.*, 163 F.3d 27 (1st Cir. 1998) 25
Kellogg Co. v. *National Biscuit Co.*, 305 U.S. 111 (1938) 3, 19, 20-21
Kohler Co. v. *Moen, Inc.*, 12 F.3d 632 (7th Cir. 1993) 14, 23, 27
Midwest Indus., Inc. v. *Karavan Trailers, Inc.*, 175 F.3d 1356 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999) 15, 16, 18
Pebble Beach Co. v. *Tour 18 I Ltd.*, 155 F.3d 526 (5th Cir. 1998) 15
Pfaff v. *Wells Electronics, Inc.*, 525 U.S. 55 (1998) 19, 27
Qualitex Co. v. *Jacobson Prods. Co.*, 514 U.S. 159 (1995) 10, 25-26
Sarkisian v. *Winn-Proof Corp.*, 697 F.2d 1313 (9th Cir.), *cert. denied*, 460 U.S. 1052 (1983) 5
Scott Paper Co. v. *Marcalus Mfg. Co.*, 326 U.S. 249 (1945) 21, 25
Sears, Roebuck & Co. v. *Stiffel Co.*, 376 U.S. 225 (1964) 21-22, 23, 25, 27
Singer Mfg. Co. v. *June Mfg. Co.*, 163 U.S. 169 (1896) 19-20, 23

TABLE OF AUTHORITIES—Continued

	Page
Sunbeam Prods., Inc. v. *West Bend Co.*, 123 F.3d 146 (5th Cir. 1997), *cert. denied*, 523 U.S. 1118 (1998)	14, 15
Thomas & Betts Corp. v. *Panduit Corp.*, 138 F.3d 277 (7th Cir.), *cert. denied*, 119 S. Ct. 336 (1998)	12, 13, 17
Thomas & Betts Corp. v. *Panduit Corp.*, 935 F. Supp. 1399 (N.D. Ill. 1996)	12, 26
Thomas & Betts Corp. v. *Panduit Corp.*, 65 F.3d 654 (7th Cir. 1995)	13
Two Pesos, Inc. v. *Taco Cabana, Inc.*, 505 U.S. 763 (1992)	3
Vornado Air Circulation Sys., Inc. v. *Duracraft Corp.*, 58 F.3d 1498 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996)	*passim*
Wal-Mart Stores, Inc. v. *Samara Bros., Inc.*, 68 U.S.L.W. 4217 (U.S. Mar. 22, 2000)	3, 24, 26
Zip Dee, Inc. v. *Dometic Corp.*, 931 F. Supp. 602 (N.D. Ill. 1996)	10, 13
CONSTITUTION:	
U.S. Const. art. I, § 8, cl. 8	2, 4, 24-25
STATUTES:	
Lanham Act	*passim*
15 U.S.C. § 1125(a)	2, 3
15 U.S.C. § 1125(a)(3)	3
28 U.S.C. § 1254(1)	1
28 U.S.C. § 1291	1
28 U.S.C. § 1292(a)(1)	1
35 U.S.C. §§ 101-103	5
35 U.S.C. § 154(a)(2)	5
RULES:	
S. Ct. Rule 10	2
S. Ct. Rule 10(a)	9
S. Ct. Rule 10(c)	19

TABLE OF AUTHORITIES—Continued

OTHER:	Page
Ruby Ann David, *Federal Preemption of a Federal Statute: The Case of* Vornado Air Circulation Systems *v.* Duracraft Corporation, 37 Santa Clara L. Rev. 253 (1996)	28
Anthony E. Dowell, *Trade Dress Protection of Product Designs: Stifling the Progress of Science and the Useful Arts for an Unlimited Time*, 70 Notre Dame L. Rev. 137 (1994)	28
Andrea Falk, *Harmonization of the Patent Act and Federal Trade Dress Law: A Critique of* Vornado Air Circulation Systems *v.* Duracraft Corp., 21 J. Corp. L. 827 (1996)	28
Todd R. Geremia, *Protecting the Right to Copy: Trade Dress Claims for Configurations in Expired Utility Patents*, 92 Nw. U. L. Rev. 779 (1998)	4, 13, 23, 24, 28, 29
Gwendolyn Gill, *Through the Back Door: Attempts to Use Trade Dress to Protect Expired Patents*, 67 U. Cin. L. Rev. 1269 (1999)	25, 28, 29
Manotti L. Jenkins, *A Request to the High Court: Don't Let the Patent Laws Be Distracted By A Flashy Trade Dress*, 15 J. Marshall J. Computer & Info. L. 323 (1997)	18, 28
R. Lawton Jordan III, Thomas & Betts Corp. *v.* Panduit Corp.—*Toward A Coherent View of Trade Dress Protection for Product Configuration*, 6 J. Intell. Prop. L. 323 (1999)	18, 28-29
Kerrie A. Laba, *Have Trade Dress Infringement Claims Gone Too Far Under the Lanham Act?*, 42 Wayne L. Rev. 1649 (1996)	28
J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* (4th ed. 1996)	6-7, 14, 17, 18, 28
Willajeanne F. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119 (1997)	28
Peter Meinhardt, *Inventions, Patents and Monopoly* (London 1946)	25

TABLE OF AUTHORITIES—Continued

Page

Kevin E. Mohr, *At the Interface of Patent and Trademark Law: Should a Product Configuration Disclosed in a Utility Patent Ever Qualify for Trade Dress Protection?*, 19 Hastings Comm. & Ent. L.J. 339 (1997) 3, 26, 27, 28
Note, *Recent Case* (Vornado), 109 Harv. L. Rev. 1457 (1996) 26
David W. Opderbeck, *Form and Function: Protecting Trade Dress Rights in Product Configurations*, 20 Seton Hall Legis. J. 1 (1996) 28
Michael S. Pérez, *Reconciling the Patent Act and the Lanham Act: Should Product Configurations Be Entitled to Trade Dress Protection After the Expiration of a Utility or Design Patent?*, 4 Tex. Intell. Prop. J. 383 (1996) 18, 28
Michael E. Peters, *When Patent and Trademark Law Hit the Fan: Potential Effects of* Vornado Air Circulation Systems, Inc. *v.* Duracraft Corp. *on Legal Protection for Industrial Design*, 14 Temp. Envtl. L. & Tech. J. 123 (1996) 28
Judith Beth Prowda, *The Trouble With Trade Dress Protection of Product Design*, 61 Alb. L. Rev. 1309 (1998) 18, 28

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Respondent.

PETITION FOR A WRIT OF CERTIORARI

Petitioner TrafFix Devices, Incorporated ("TrafFix") respectfully petitions this Court for a writ of certiorari to review the judgment of the United States Court of Appeals for the Sixth Circuit in this case.

OPINIONS BELOW

The opinion of the Sixth Circuit is reported at 200 F.3d 929 and reproduced in the appendix hereto ("App.") at 1a. The June 2, 1997 opinion of the District Court for the Eastern District of Michigan is reported at 967 F. Supp. 953 and reproduced at App. 68a. The June 12, 1997 opinion of the District Court is reported at 971 F. Supp. 262 and reproduced at App. 25a.

JURISDICTION

The judgment of the Sixth Circuit was entered on December 29, 1999. App. 1a. The jurisdiction of the Sixth Circuit was based on 28 U.S.C. §§ 1291 and 1292(a)(1). The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

CONSTITUTIONAL AND STATUTORY PROVISIONS INVOLVED

The Patent Clause of the United States Constitution grants Congress the power "[t]o promote the Progress of Science and useful Arts by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. art. I, § 8, cl. 8.

Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), provides in part:

> (1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person * * *
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

INTRODUCTION

This is one of the unusual cases in which all the customary criteria for certiorari are readily met. *See* S. Ct. Rule 10. *First*, as the Sixth Circuit expressly acknowledged below, "[a] circuit split exists as to whether a utility patent disclosure forecloses trade dress protection [under the Lanham Act]." App. 18a.[1] Because "the in-

[1] Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), makes actionable the "false or misleading" use of marks on goods or services used in interstate commerce, including unregistered trade dress. *See id.* § 1125(a)(3); *Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 68 U.S.L.W. 4217, —— (U.S. Mar. 22, 2000). Trade dress "originally included only the packaging, or 'dressing,' of a product," but in recent years has been interpreted to include a product's configuration or design. *Wal-Mart Stores*, 68 U.S.L.W. at ——; *see Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 764 n.1 (1992); Kevin E. Mohr, *At the Interface of Patent and Trademark Law: Should a Product Configuration Disclosed in a Utility Patent Ever Qualify for Trade Dress Protection?*, 19 Hastings Comm. & Ent. L.J. 339, 342 n.4 (1997).

ability freely to copy significant features of patented products after the patents expire impinges seriously upon the patent system's core goals," the Tenth Circuit has held that federal trade dress protection does *not* extend to a product configuration covered by a utility patent. *Vornado Air Circulation Sys., Inc.* v. *Duracraft Corp.*, 58 F.3d 1498, 1508 (10th Cir. 1995), *cert. denied*, 516 U.S. 1067 (1996). Other circuits—including the Sixth Circuit below—have taken the contrary view, allowing trade dress protection despite the fact that a product configuration is covered by a utility patent. *See* App. 18a-19a.

Second, the Sixth Circuit position squarely conflicts with the decisions of this Court. This Court has "long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989). "It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the [product] in the *form* in which it was constructed during the patent." *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120 (1938) (emphasis added; quotation omitted). The Sixth Circuit position that a product's configuration—or form—may be cloaked with trade dress protection after its patent monopoly has lapsed flouts this "almost 100 year[]"-old doctrine. *Bonito Boats*, 489 U.S. at 165. More fundamentally, this backdoor use of

federal trademark law contravenes the Constitution's grant of authority to Congress to secure to inventors the exclusive right to use their inventions "for *limited* Times." U.S. Const. art. I, §8, cl. 8 (emphasis added).

Third, the conflict deepened by this case concerns a matter of overriding importance. "[I]mitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146. Extending trade dress protection to the subject of expired patents seriously taints this "lifeblood." At the same time, the conflict on this issue has "shrouded the right to copy from expired utility patents in considerable uncertainty," and "subject[ed] a patentee's competitors to the threat of unpredictable trade dress litigation." Todd R. Geremia, *Protecting the Right to Copy: Trade Dress Claims for Configurations in Expired Utility Patents*, 92 Nw. U. L. Rev. 779, 782 (1998). "One of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property," *Bonito Boats*, 489 U.S. at 162, and thereby avoid such confusion.

The Court should grant the writ, resolve the acknowledged circuit conflict, and restore uniformity to this economically vital area of the Nation's law.

STATEMENT OF THE CASE

The parties manufacture and sell stands for highway traffic signs and other highway safety products. Respondent Marketing Displays, Inc. ("MDI") has manufactured and sold a commercially successful traffic sign stand since the mid-1970s under the registered trademark "WINDMASTER." WINDMASTER sign stands—used to hold signs such as "ROAD WORK AHEAD"—have a narrowly spaced, dual-spring base that enables them to withstand wind without tipping over. The dual-spring configuration was developed by MDI's president in the mid-1960s, and

is covered by two utility patents issued by the United States Patent and Trademark Office ("PTO")—U.S. Patent Numbers 3,646,696 and 3,662,482. The last of these patents expired in 1989, seventeen years after it was issued. App. 2a-3a, 26a-27a.

Utility patents may be issued for any novel, useful, and nonobvious process, machine, manufacture, or composition of matter. 35 U.S.C. §§ 101-103. They secure to their holder a monopoly on the use of the invention for the life of the patent. *See id.* § 154(a)(2). Among other things, MDI's patent documents provide:

> One of the novel points of structure in the present invention is the provision of a pair of spring connections as opposed to a single spring connection[.] * * * The reason for providing two spaced apart spring connections is to force the sign to deflect in a direction along the longitudinal axis of the base and to prevent twisting of the sign frame. Thus, it is not a matter of choice whether one or two springs are used in [the] invention. [*See* 6th Cir. App. 959-960 (File History of U.S. Patent No. 3,646,696).]

See also id. 956 ("specifically limiting [claim] to a pair of spaced coil springs") (same); *id.* 1290 (summary of invention). Shortly after the patents were issued, MDI enforced its patent monopoly to enjoin a competitor (Winn-Proof) from selling a spring mounted sign stand virtually identical to MDI's WINDMASTER sign stand. *See Sarkisian* v. *Winn-Proof Corp.*, 697 F.2d 1313 (9th Cir.), *cert. denied*, 460 U.S. 1052 (1983).

TrafFix's president knew that MDI's utility patents expired in 1989, and that after expiration of a patent the underlying invention enters the public domain. As a result, TrafFix in the early 1990s reengineered a sign stand that—while differing from MDI's stand in various respects such as color and release mechanism—utilized the same basic configuration, including dual-spring base, cov-

ered by MDI's expired utility patents. In 1994 TrafFix applied to the PTO for protection of its own "WINDBUSTER" trademark on this sign stand. The PTO granted TrafFix this trademark in 1995 (after the requisite notice period), and registered the mark in 1996. TrafFix brought its sign stand to market in 1994—nearly five years after MDI's utility patents had expired—and began selling the stand under the WINDBUSTER mark in 1995. App. 3a-4a.

Just as it had done nearly two decades earlier in the case of Winn-Proof, MDI moved to block TrafFix's entry into the market. But this time—since MDI's patent monopoly had lapsed—MDI turned to federal trademark law. In July 1995 MDI filed this action in the District Court for the Eastern District of Michigan, asserting claims under the Lanham Act that TrafFix had infringed its trade dress, infringed MDI's WINDMASTER trademark, and engaged in unfair competition. TrafFix counterclaimed, alleging that MDI had engaged in unfair competition and violated the federal antitrust laws. Both parties moved for summary judgment. On January 13, 1997, the District Court granted summary judgment for MDI on its trademark claim and on TrafFix's antitrust claim, issuing an amended opinion on June 2, 1997. *Id.* 4a, 68a. On June 12, 1997, the District Court granted summary judgment for TrafFix on MDI's trade dress and unfair competition claims. *Id.* 4a, 25a.

In disposing of the trade dress claim—the only claim at issue here—the District Court began with the "well established [rule] that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and use.'" *Id.* 46a-47a (quoting *Bonito Boats*, 489 U.S. at 165 (emphasis in original)). The court also observed that "'one cannot argue that a shape is functionally advantageous in order to obtain a utility patent and later assert that the same shape is non-functional in order to obtain trademark protection.'" *Id.* 49a (quoting 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 7:89 (4th ed. 1996)).[2] Against this backdrop, the District Court viewed the "expired utility patents [as] especially strong evidence of the usefulness of the dual-spring design"—"the most *utilitarian* aspect of MDI's sign stands"—and held that the alleged "trade dress is functional as a matter of law," and thus not protectible under the Lanham Act. App. 55a (emphasis in original).[3] In so holding, the District Court also concluded that cloaking MDI's product configuration with trade dress protection would hinder competition. *Id.* 54a.

Both parties appealed. The Sixth Circuit affirmed the District Court rulings on the trademark infringement and antitrust claims, but reversed the dismissal of the trade dress claim. In disposing of the latter claim, the Sixth Circuit expressly recognized that "[a] circuit split exists as to whether a utility patent disclosure forecloses trade dress protection." *Id.* 18a. "The Fifth, Seventh, and Federal Circuits have held or strongly suggested that a utility patent disclosure does not prevent trade dress protection." *Id.* (citing cases). But "the Tenth Circuit, in an opinion

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[2] The District Court found "untenable" MDI's argument that the expired patents did not sufficiently disclose the dual-spring configuration of the WINDMASTER sign stand, given that "MDI has, in the past, enforced its rights in its * * * patents by enjoining the manufacture of a product configuration *virtually identical* to that being alleged to constitute trade dress in the instant case." App. 49a (emphasis added). *See supra* at 5.

[3] As the District Court explained:

> To prove a trade dress violation in contravention of section 43(a), a plaintiff must show, by a preponderance of the evidence: 1) that the trade dress has obtained "secondary meaning"; 2) that the trade dress of the two competing products is confusingly similar; and 3) that the appropriated features of the trade dress are primarily non-functional. [App. 32a]

The District Court concluded, as a matter of law, that this test was not met. *See id.* 55a-56a. We focus here on the functionality element of the test, which—as the District Court expressly held—independently disposes of MDI's trade dress claim. *See id.* 56a.

that preceded the contrary rulings of the other three circuits, has held that '[w]here a product configuration is a significant inventive component of an invention covered by a utility patent * * * it cannot receive trade dress protection under section 43(a).'" *Id.* 19a (quoting *Vornado*, 58 F.3d at 1500). The Sixth Circuit dismissed the Tenth Circuit position and aligned itself with the circuits adopting the contrary view. *Id.*

The Sixth Circuit disagreed that MDI's expired patents precluded trade dress protection, holding that the District Court should have applied "a functional analysis of the trade dress *unencumbered by any presumptions*" stemming from the expired patents. *Id.* 19a (emphasis added). The court also criticized the District Court for focusing on the utility of the configuration covered by the expired patents, rather than the product's "entire look." *Id.* Even though the dual-spring base is essentially the *only* product element that distinguishes WINDMASTER sign stands from the competition—"every other competitor uses the other elements of a single upright, four leg members extending out at angles, and a sign"—the Sixth Circuit held that the expired patents covering this configuration did not bar trade dress protection. *Id.* 20a. The court further rejected the District Court's conclusion that cloaking MDI's sign stands with trade dress protection would limit competition. *Id.* 21a.[4]

This petition followed.

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[4] The Sixth Circuit also disagreed with the District Court's conclusion that MDI could not meet the "secondary meaning" element of its trade dress claim. App. 16a. In addition, because the unfair competition claims were essentially subsumed within the trade dress claim, the Sixth Circuit summarily reversed the dismissal of those claims, too. *Id.* 21a.

REASONS FOR GRANTING THE WRIT

I. AS THE SIXTH CIRCUIT EXPRESSLY ACKNOWLEDGED, THE CIRCUITS ARE SPLIT ON WHETHER A PRODUCT CONFIGURATION COVERED BY AN EXPIRED UTILITY PATENT IS ENTITLED TO TRADE DRESS PROTECTION.

1. This Court has stated that a "principal purpose for which we use our certiorari jurisdiction * * * is to resolve conflicts among the United States courts of appeals." *Braxton* v. *United States*, 500 U.S. 344, 347 (1991). *See* S. Ct. Rule 10(a). Typically, a circuit conflict must be inferred from an analysis of allegedly conflicting cases. Here, however, the Sixth Circuit expressly acknowledged that "[a] circuit split exists as to whether a utility patent disclosure forecloses trade dress protection." App. 18a. That conflict is real, was deepened by the decision below, and should now be resolved by this Court.

2. a. The Tenth Circuit has held "that where a disputed product configuration is part of a claim in a utility patent, and the configuration is a described, significant inventive aspect of the invention, * * * patent law *prevents* its protection as trade dress, even if the configuration is nonfunctional." *Vornado*, 58 F.3d at 1510 (emphasis added). After carefully weighing the policies served by the patent and trademark laws, the court of appeals grounded this holding on its conclusion "that core patent principles [would] be significantly undermined" by allowing trade dress protection for such a configuration. *Id.* at 1509. "The 'centerpiece of federal patent policy' is in its 'ultimate goal of public disclosure and use.'" *Id.* at 1507 (quoting *Bonito Boats*, 489 U.S. at 157). Extending "trade dress protection" to the subject of a utility patent "directly interfere[s] with the public's ability to practice patented inventions after the patents have expired, and * * * undermines the principle that ideas in the public domain should stay there." *Id.* at 1508.

In adopting this bright-line rule, the Tenth Circuit further reasoned that trademark's functionality doctrine fails to answer the question presented in *Vornado* and here. As the court explained, this doctrine prevents a useful product feature from obtaining trade dress protection. Under existing jurisprudence, however, "[c]onfigurations can simultaneously be patentably useful, novel, and nonobvious and also nonfunctional, in trade dress parlance." *Id.* at 1506. This is because, for trademark purposes, functionality is defined in terms of competitive need. *See Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995). "If competitors need to be able to use a particular configuration in order to make an equally competitive product, it is functional, but if they do not it may be nonfunctional." 58 F.3d at 1507. As a result, "a feature can switch back and forth between being functional and nonfunctional with the vagaries of the marketplace." *Id.* at 1510 n.20.

Applying these principles, the Tenth Circuit ruled out federal trade dress protection for the product at issue in *Vornado*—a household fan grill that utilized a spiral vane structure. Vornado had a utility patent covering the grill's spiral configuration. When a competitor began selling a grill with the same configuration, Vornado sued under the Lanham Act, claiming that its spiral grill was entitled to trade dress protection. The Tenth Circuit held that because the patented spiral configuration was a "significant inventive aspect" of Vornado's fans, "patent law prevents its protection as trade dress, even if the configuration is nonfunctional [in trademark parlance]." *Id.* at 1510.[5]

[5] *Zip Dee, Inc.* v. *Dometic Corp.*, 931 F. Supp. 602, 611 (N.D. Ill. 1996), embraced the rationale of *Vornado*, and stated its basic inquiry as follows: "whether the granting of a trademark (and thus of an indefinite monopoly) on a product configuration that is claimed or otherwise disclosed as part of an invention covered by a utility patent would prevent the invention from being copied and used by the public." That is true here, where MDI seeks a perpetual monopoly on the use of the key dual-spring base of MDI's sign stands, even though that configuration is plainly "a significant inventive component of [the] invention." *Vornado*, 58 F.3d at 1500.

b. Under the Tenth Circuit rule, MDI's trade dress infringement claim would clearly fail as a matter of law. Like the spiral vane structure of the product in *Vornado*, the key dual-spring base of the product at issue here is covered by a utility patent, and is a significant and defining element of the invention. But the Sixth Circuit rejected the Tenth Circuit rule, and reached the opposite result. The Sixth Circuit was unpersuaded "that a per se rule is necessary to effect the public policy underlying patent law of releasing protected designs after a period of time." App. 19a. As a result, in deciding whether trade dress protection is available for a product configuration covered by a utility patent, the Sixth Circuit attaches *no* weight to the compelling policies served by patent law and, instead, grounds the determination solely on trademark's functionality doctrine. *See id.* (rejecting the Tenth Circuit's "per se rule" in favor of "a functional analysis of the trade dress *unencumbered by any presumptions*") (emphasis added).[6]

[6] The Sixth Circuit decision in this case followed in line with *Esercizio* v. *Roberts*, 944 F.2d 1235 (6th Cir. 1991), *cert. denied*, 505 U.S. 1219 (1992). There, the court of appeals held "that plaintiff Ferrari enjoyed unregistered trade [dress] protection in the exterior shape and appearance of two of its automobiles." *Id.* at 1237. Judge Kennedy dissented, arguing that the majority's decision "enlarge[d] the Lanham Act's scope of protection beyond its statutory language and congressional intent, and result[s] in an injunction that runs afoul of the Supreme Court's holdings in *Sears, Compco*, and *Bonito Boats*," *id.* at 1253, discussed in Part II, *infra*. As Judge Kennedy explained: "Congress intended that the right in a design [patent] should expire with their design patent. The effect of the majority's holding is to give Ferrari the equivalent of a design patent in perpetuity." *Id.* The product configuration in the Ferrari case was not the subject of an expired patent (Ferrari never applied for one). But the conclusion reached by Judge Kennedy is even more compelling where, as here, the alleged trade dress is the subject of an expired patent.

c. Like the Sixth Circuit, the Seventh Circuit has held "that there is no *per se* prohibition against features disclosed in a patent receiving trade [dress] protection after the patent has expired." *Thomas & Betts Corp.* v. *Panduit Corp.*, 138 F.3d 277, 288 (7th Cir. 1998). *Thomas & Betts* involved a dispute between the Nation's largest suppliers of cable ties. Thomas & Betts obtained a patent on a two-piece cable tie, and used it to great effect. After the patent expired, Panduit introduced its own two-piece cable tie. Thomas & Betts sued to enjoin the sale of Panduit's product, claiming trade dress infringement under the Lanham Act. The district court reviewed at length the relationship between patent and trademark law and held—in line with the Tenth Circuit rule—that "[a]s a matter of law, a product configuration that is claimed or otherwise disclosed within an expired utility patent is not entitled to trademark protection." 935 F. Supp. 1399, 1410 (N.D. Ill. 1996).

Like the Tenth Circuit, the district court concluded that the functionality doctrine did not adequately resolve the conflict between the patent and trademark laws. "Addressing the functionality of an invention covered by an expired utility patent would create needless fact questions and lead to unnecessary litigation which would stifle companies from utilizing products coming off patent." *Id.* at 1409. "This is not part of the bargain that Congress intended or sought to encourage" under patent law. *Id.* Thus, like the Tenth Circuit in *Vornado*, the district court concluded that "[a] bright line test is important in order that the public receive the benefit of its bargain under the patent laws." *Id. See also id.* at 1408 ("application of a functionality test in this case is unsound public policy, contravenes the Patent Act and would defeat the expectations of the public and the parties").[7]

[7] Moreover, as the *Vornado* court recognized, *see* 58 F.3d at 1506-07, and other courts have echoed:

> [F]unctionality is really not a foolproof method of patrolling the line between the patent and trademark laws. That is because the showing required of a person seeking a patent is that an invention is useful—that it serves an identified beneficial purpose. By contrast, functionality for trademark purposes is based on competitive need. * * * Thus usefulness in the patent context does not equal functionality in the trademark context. [*Zip Dee*, 931 F. Supp. at 608 (citation omitted).]

See also Geremia, *supra*, at 781 ("the doctrine of functionality does not adequately resolve the conflict presented by trade dress claims for product configurations disclosed in expired utility patents").

The Seventh Circuit reversed. While acknowledging that "there is an undeniable tension between trademark protection of product configurations and patent law," that "a long line of Supreme Court cases have held that federal patent law creates a right to copy inventions to which patent protection has been extended once the patent expires," and that the argument that trade dress protection must give way to this right is "appealing," the Seventh Circuit nevertheless held that "there is no per se prohibition against features disclosed in a patent receiving trademark protection after the patent has expired." 138 F.3d at 288 (quotation omitted.) Instead, according to the court, "[t]he safeguard against an impermissible extension of a patent monopoly by a trademark * * * is the functionality doctrine." *Id.* "[T]he fact that a feature sought to be trademarked was contained in an expired patent is 'some evidence' of functionality," but no more. *Id.* at 289.[8]

[8] While plainly taking issue with the per se rule of *Vornado*—which the district court had followed in holding that Thomas & Betts' trade dress claim was precluded—the Seventh Circuit sought to distinguish *Vornado* on its facts. *See* 138 F.3d at 289 & n.4. In an earlier round of the litigation, however, the Seventh Circuit offered a more candid assessment. *See* 65 F.3d 654, 659 (1995) ("The present case is distinguishable from *Vornado* but it is not clear that the differences dictate a different result."). In any event, whether or not the factual distinctions subsequently relied on by the Seventh Circuit amount to a difference, it is clear that the

In so holding, the Seventh Circuit relied on its prior decision in *Kohler Co.* v. *Moen, Inc.*, 12 F.3d 632 (7th Cir. 1993), where the court held that product configurations in general are entitled to trademark protection. Dissenting in that case, Judge Cudahy forcefully articulated the basis for the contrary approach adopted by the Tenth Circuit:

> [W]hatever new law has been developed in the lower courts to authorize the use of product configuration trademarks as a substitute for design patents is without sanction from the Supreme Court. The Court has spoken repeatedly to disfavor the use of unfair competition law to avoid the "limited times" provision of the Patent Clause. The Court has emphasized the importance of the right to copy as an aspect of the Patent Clause. The right to copy is constitutionally protected and is absolutely essential to the successful long-term operation of a free and competitive economy. [*Id.* at 651.]

Like the Tenth Circuit, Judge Cudahy also concluded that trademark's "extremely fuzzy" functionality doctrine was an unsuitable means of protecting the compelling interests served by the patent laws. *Id.* at 649.

d. The Fifth Circuit follows the same basic approach as the Seventh. *See Sunbeam Prods., Inc.* v. *West Bend Co.*, 123 F.3d 246 (5th Cir. 1997), *cert. denied*, 523 U.S. 1118 (1998). In *Sunbeam* the Fifth Circuit upheld an injunction under the Lanham Act barring one of Sunbeam's competitors from manufacturing and marketing a stand mixer that "replicated the product configuration of a stand mixer made by Sunbeam." *Id.* at 249. In doing so, the court of appeals held "that the fact that the American Classic Mixmaster® incorporates functional features named in utility patents does not compel the conclusion that the product configuration is legally functional," and thus not entitled to trade dress protection. *Id.* at 256. *See id.* at 256 n.20 ("the mere fact that a feature is named in a utility patent does not automatically render it functional"). This analysis plainly conflicts with the Tenth Circuit rule, as the Fifth Circuit has subsequently acknowledged. *See Pebble Beach Co.* v. *Tour 18 I Ltd.*, 155 F.3d 526, 549 & n.16 (5th Cir. 1998) (citing *Vornado* and noting that Fifth Circuit applies different "trade-dress analysis" than Tenth Circuit in assessing "federal trademark protection for product designs and configurations").

Seventh and Tenth Circuits are fundamentally divided on how to resolve the question presented. *See* 1 McCarthy, *supra*, § 6:10 at 6-18 ("In the *Thomas & Betts* case, the Seventh Circuit rejected the [Tenth Circuit] view" in *Vornado*).

e. The Federal Circuit has also noted the circuit conflict and rejected the Tenth Circuit position. In *Midwest Industries, Inc.* v. *Karavan Trailers, Inc.*, 175 F.3d 1356, 1364 (Fed. Cir.), *cert. denied*, 120 S. Ct. 527 (1999), the court of appeals held that the "availability of trade dress protection does not depend on whether a patent has been obtained for the product or feature in question." The district court in that case—applying *Vornado*—had held the plaintiff was not entitled to trade dress protection for a product configuration (a winch mounted on trailers used to haul watercraft) covered by a patent. *See id.* at 1358. The Federal Circuit reversed, specifically rejecting the Tenth Circuit's "holding to the contrary" in *Vornado*: "As we view the interaction between patent law and the Lanham Act, [the fact that the product configuration is covered by a utility patent] is *not* a sufficient basis on which to deny Lanham Act protection to trade dress that would otherwise qualify for such protection." *Id.* at 1364 (emphasis added). According to the Federal Circuit, trade dress protection remains available for a product configuration—regardless of whether it is covered by an expired utility patent—as long as it passes trademark's functionality analysis. *Id.*

In *Karavan Trailers* the Federal Circuit adopted its own rule in reconciling patent law and the Lanham Act. *Id.* at 1358-61. Prior to that time, the court applied the law of the regional circuit from which the appeal arose. Thus, in *Elmer* v. *ICC Fabricating, Inc.*, 67 F.3d 1571, 1579 (Fed. Cir. 1995), the Federal Circuit—applying Eleventh Circuit law—refused to allow trade dress protection for a product configuration that was covered by a utility patent. In so holding, the Federal Circuit ruled that the public's right to copy and use inventions covered by expired patents would be frustrated by allowing trade dress protection in these circumstances:

> Enforcing a "trade dress" right defined, as it was here, to be essentially coextensive with, and in fact broader than, claim 1 of the '944 patent would frustrate that right because trade dress protection may last indefinitely, and thus competitors could not effectively "copy and use" the invention after the patent expires. * * * [E]nforcing such a trade dress would effectively extend the life of the patent. [*Id.* at 1580.]

The disparate analyses in *Karavan Trailers* and *Elmer* underscore the conflict and confusion on the question presented. As the Federal Circuit recognized, its decision in *Karavan Trailers* to apply its own law rather than regional circuit precedent to such questions will do nothing to alleviate the conflict, because "questions involving conflicts between patent law and other causes of action can and do arise in cases over which this Court does not have appellate jurisdiction." 175 F.3d at 1361. What has resulted is what the Federal Circuit warned could happen —"that district courts and litigators could find themselves confronting two differing lines of authority when faced with conflicts between patent law and state or federal trademark claims." *Id.*

f. The Ninth Circuit has carved out a middle ground in the circuits. While allowing trade dress protection for

a product configuration covered by an expired patent, that court of appeals has held that "the existence of an expired utility patent is *weighty* evidence of functionality, although that fact alone is not dispositive." *Disc Golf Ass'n* v. *Champion Discs Inc.*, 158 F.3d 1002, 1006 (9th Cir. 1998) (emphasis added). *See also Clamp Mfg. Co.* v. *Enco Mfg. Co.*, 870 F.2d 512, 516 (9th Cir.) (an expired utility patent "weigh[s] strongly" on functionality), *cert. denied*, 493 U.S. 872 (1989); *but cf. Thomas & Betts*, 138 F.3d at 289 ("the fact that a feature sought to be trademarked was contained in an expired patent is '*some* evidence' of functionality") (emphasis added). In *Disc Golf* the court of appeals—in the course of holding that a product design covered by an expired utility patent was not entitled to trade dress protection—also recognized that "'a kind of estoppel arises'" when one "'argue[s] that a shape is functionally advantageous in order to obtain a utility patent and later assert[s] that the same shape is non-functional in order to obtain trademark protection.'" 158 F.3d at 1008 (quoting 1 McCarthy, *supra*, § 7:89).

In rejecting MDI's trade dress claim, the District Court below essentially followed the Ninth Circuit approach. *See* App. 49a (existence of expired utility patent is entitled to "great weight" in functionality analysis, and gives rise to a "kind of estoppel") (quoting 1 McCarthy, *supra*, § 7:89). As discussed, however, the Sixth Circuit flatly rejected this approach, and—far from according great weight to MDI's expired utility patents—held that in determining whether MDI is entitled to trade dress protection, the District Court should have applied "a functional analysis of the trade dress *unencumbered by any presumptions*" stemming from the expired patent. *Id.* 19a (emphasis added).

3. The circuit conflict on the question presented by this petition is direct and undeniable. It has been ex-

pressly acknowledged by the circuits, *see* App. 18a; *Karavan Trailers*, 175 F.3d at 1364, and has been widely reported by commentators.[9] Moreover, the conflict is outcome determinative here. MDI is plainly not entitled to trade dress protection under the Tenth Circuit rule. MDI's trade dress claim also fails as a matter of law under the Ninth Circuit approach. But MDI's sign stand may be cloaked with trade dress protection under the rule followed in the Fifth, Seventh, Federal, and now Sixth Circuits—nullifying the nearly 100-year-old right of the public to copy and use inventions after their patent protection expires. Guidance is sorely needed from this Court.

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[9] *See, e.g.*, 1 McCarthy, *supra*, § 6:10 (recognizing conflict); R. Lawton Jordan III, Thomas & Betts Corp. *v.* Panduit Corp.—*Toward A Coherent View of Trade Dress Protection for Product Configuration*, 6 J. Intell. Prop. L. 323, 340 (1999) ("Courts are split on the issue of whether product configurations that formerly received patent protection should also receive trademark protection."); Judith Beth Prowda, *The Trouble With Trade Dress Protection of Product Design*, 61 Alb. L. Rev. 1309, 1310 (1998) ("Because of the split among courts on the standards of protectability of trade dress in product configuration cases, the issue seems ripe for Supreme Court resolution in the near future. Without direction from the Supreme Court * * *, courts likely will continue to chart their own course."); Manotti L. Jenkins, *A Request to the High Court: Don't Let the Patent Laws Be Distracted By A Flashy Trade Dress*, 15 J. Marshall J. Computer & Info. L. 323, 324 (1997) ("[T]he Supreme Court must resolve a conflict between two important federal statutes in intellectual property law: the Patent Act and the Lanham Act. As is shown below, the need for Court resolution of this conflict is even more glaring in light of the disagreement among the federal circuits on how best to solve the problem."); Michael S. Pérez, *Reconciling the Patent Act and the Lanham Act: Should Product Configurations Be Entitled to Trade Dress Protection After the Expiration of a Utility or Design Patent?*, 4 Tex. Intell. Prop. J. 383, 384 (1996) ("Given the split among circuits, the issue appears ripe for Supreme Court intervention.").

II. THE SIXTH CIRCUIT DECISION CONFLICTS WITH NEARLY A CENTURY'S WORTH OF THIS COURT'S PRECEDENT ESTABLISHING THE PUBLIC'S RIGHT TO COPY AND USE AN INVENTION UPON EXPIRATION OF THE PATENT.

1. The need for plenary review is heightened still further by the fact that the Sixth Circuit decision conflicts with this Court's own decisions. *See* S. Ct. Rule 10(c). This Court has "long held that after the expiration of a federal patent the subject matter of the patent passes to the free use of the public as a matter of federal law." *Bonito Boats*, 489 U.S. at 152 (citing *Coats* v. *Merrick Thread Co.*, 149 U.S. 562 (1893); *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169 (1896); *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111 (1938)). Yet, as the Tenth Circuit observed in *Vornado*, 58 F.3d at 1505, "distinguishing [this line of cases] has become a veritable jurisprudence art form in recent years [among the lower courts]."

2. The "federal patent system * * * embodies a carefully crafted bargain": an inventor "who is willing to reveal to the public the substance of his discovery" may be granted, in the form of a patent, a limited "right to exclude others from making, using, or selling [his] invention," but once that limited monopoly expires "the invention inures to the people, who are thus enabled without restriction to practice it and profit by its use." *Bonito Boats*, 489 U.S. at 150-151 (quotations omitted). *See Pfaff* v. *Wells Electronics, Inc.*, 525 U.S. 55, 63-64 (1998). Under this system—and "implicit in the Patent Clause itself"—"exploitation of ideas [is] the rule, to which the protection of a federal patent is the exception." *Bonito Boats*, 489 U.S. at 151. A long line of this Court's cases proves this rule.

Thus, for example, in *Singer Manufacturing Co.* v. *June Manufacturing Co.*, 163 U.S. at 185, the Court observed:

> It is self-evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property. It is upon this condition that the patent is granted. It follows, as a matter of course, that on termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent.

Singer arose when—after expiration of Singer's patents—a competitor introduced a sewing machine with the same "general external appearance" as Singer's. *Id.* at 170. Singer sued to enjoin the sale of the competitor's machine under state law on the ground that, *inter alia*, the product was confusingly similar to Singer's. *Id.* This Court recognized "that the necessary result of the existence of [Singer's] patent was to give to the Singer machines, as a whole, a distinctive character and form which caused them to be known as Singer machines"—*i.e.*, in modern parlance, trade dress. *Id.* at 179. But in view of the public's right to copy and use the subject of an expired patent, the Court rejected the notion that a "manufacturer, on the cessation of [its patent] monopoly, [has] the right to prevent the making by another of a like machine in the form in which it was made during the life of the patents." *Id.* at 184.

Kellogg is to the same effect. There, the National Biscuit Company brought suit under state unfair competition law to enjoin Kellogg's sale of shredded wheat in the same "generally known * * * pillow-shaped form" as National Biscuit's cereal. 305 U.S. at 113. National Biscuit had obtained product and process patents on its shredded wheat cereal. This Court held that Kellogg had the right to copy the biscuit upon expiration of the patents. As Justice Brandeis wrote for the Court:

> The plaintiff has not the exclusive right to sell shredded wheat in the form of a pillow-shaped biscuit—

> the form in which the article became known to the public. That is the form in which shredded wheat was made under the basic patent. * * * Hence, upon expiration of the patents the form * * * was dedicated to the public. [*Id.* at 119-120.[10]]

In *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 230 (1964), the Court reaffirmed that "when the patent expires the monopoly created by it expires, too, and the right to make the article—including the right to make it in precisely the shape it carried when patented—passes to the public." That case involved a dispute over the sale of pole lamps. Stiffel secured a patent on this type of lamp, and used it with "decided commercial success." *Id.* at 226. When Sears marketed a "substantially identical lamp," Stiffel sued for patent infringement and unfair competition under state law. Because it was determined that Stiffel's patent was invalid, this Court held that Sears "had every right to [copy its pole lamp] under the federal patent laws. That Stiffel originated the pole lamp and made it popular [was] immaterial." *Id.* at 231.

The Court further held that state unfair competition law could not be invoked to defeat the public's right to copy under the patent laws. "Just as a State cannot encroach upon the federal patent laws directly, it cannot, under some other law, such as that forbidding unfair competition, give protection of a kind that clashes with the objectives of the federal patent laws." *Id.* Stiffel sought "perpetual protection" for its pole lamp under unfair competition law, when "federal law grants only 14 or 17 years' protection to genuine inventions." *Id.* at 232. According such protection "would be too great an

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[10] *See also Scott Paper Co.* v. *Marcalus Mfg. Co.*, 326 U.S. 249, 256 (1945) ("we have held that the patentee may not * * * secure, to any extent, a continuation of his monopoly by resorting to the trademark law and registering as a trademark any particular descriptive matter appearing in the specifications, drawings or claims of the expired patent").

encroachment on the federal patent system to be tolerated." *Id.*[11]

Bonito Boats underscores the continuing vitality of these principles. There, the Court invalidated a state law making it unlawful to use a particular process to duplicate an unpatented boat hull. As the Court explained, the law at issue "substantially restrict[ed] the public's ability to exploit ideas that the patent system mandates shall be free for all to use," and thus intolerably altered the "careful balance" underlying the federal patent system. 489 U.S. at 167. In so holding, the Court was "troubled" by the lower court's statement that "the patent laws say 'nothing about the right to copy or the right to use.'" *Id.* at 164 (quoting decision). "For almost 100 years," the Court admonished, "it has been established that in the case of an expired patent, the federal patent laws *do* create a federal right to 'copy and to use.'" *Id.* at 165 (emphasis in original).

3. As the Tenth Circuit observed in *Vornado*, 58 F.3d at 1505, while it is possible "to identify distinctions between those cases and the one before us today," it is "impossible to ignore the clear and continuing trend [that this Court's precedents] collectively manifest in favor of the public's right to copy." The Sixth Circuit decision below—as well as the decisions of the other circuits that allow trade dress protection for a product configuration covered by an expired patent—buck this clear trend, and "substantially restrict[] the public's ability to exploit ideas that the patent system mandates shall be free for all to

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11 *Compco Corp.* v. *Day-Bright Lighting, Inc.*, 376 U.S. 234 (1964), was decided the same day as *Sears* and laid down the same law. *See id.* at 237 ("[W]hen an article is unprotected by a patent or a copyright, state law may not forbid others to copy that article. To forbid copying would interfere with the federal policy, found in Art. I, § 8, cl. 8, of the Constitution and in the implementing federal statutes, of allowing free access to copy whatever federal patent and copyright laws leave in the public domain.").

use." *Bonito Boats*, 489 U.S. at 167. *See also* Geremia, *supra*, at 809 (in holding that product configurations covered by expired patents are entitled to trade dress protection, lower courts have "gallop[ed] off in disregard of [this Court's] precedents") (quotation omitted); *Kohler Co.* v. *Moen, Inc.*, 12 F.3d at 647 (discussing conflict with this Court's decisions) (Cudahy, J., dissenting); *Esercizio* v. *Roberts*, 944 F.2d at 1253 (Kennedy, J., dissenting) (same).

As cases such as *Singer* and *Kellogg* make clear, when MDI's utility patents expired, its invention entered the public domain, and "there passe[d] to the public the right to make [sign stands] in the form in which [MDI's stand] was constructed during the patent[s]." *Singer*, 163 U.S. at 185. This includes the right to copy and use the dual-spring configuration of MDI's sign stand—the key utilitarian element of the product and ingredient of its commercial success. And as cases such as *Sears* and *Bonito Boats* establish, the public's—and thus TrafFix's—right to copy the configuration made popular by MDI may not be defeated by cloaking the subject of MDI's patents with "perpetual protection" under trademark law, when patent law "grants only * * * 17 years' protection" for this configuration. *Sears*, 376 U.S. at 232. A contrary result "would be too great an encroachment on the federal patent system to be tolerated." *Id.*[12]

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12 In *Sears* this Court observed in dicta that States "may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods." 376 U.S. at 232. But in the same passage the Court also made clear that—"because of the federal patent laws"—"a State may not, when the article is unpatented and uncopyrighted, prohibit the copying of the article itself." *Id.* at 232-233. When *Sears* was decided, trade dress was a much narrower concept than it is today; indeed, as *Sears* indicates, it was generally limited to a product's "packaging" or "markings." *Id.* The doctrine had not yet evolved to the point where it is today, extending to a product's configura-

As this case and the analogous cases discussed in Part I above "clearly show," "trade dress protection can directly interfere with the public's ability to practice patented inventions after the patents have expired," and thus "impinges seriously upon the patent system's core goals." *Vornado*, 58 F.3d at 1508. *See also Elmer* v. *ICC Fabricating, Inc.*, 67 F.3d at 1580, quoted *supra* at 16; Geremia, *supra*, at 805 (unless courts follow the Tenth Circuit approach, "it is likely that an onslaught of trade dress infringement claims involving product configurations disclosed in expired utility patents will practically nullify the one-hundred-year-old right to copy from expired utility patents"). That could scarcely be more clear here: in this trade dress infringement action, MDI seeks—and thus far has obtained—the same protection (*after* its patents expired) that it received in invoking the patent laws to block the sale of Winn-Proof's sign stands (*before* its patents expired). *See supra* at 5.

There is no indication that Congress intended to confer trade dress protection under the Lanham Act upon the subject of expired patents. Indeed, while this Court has construed the Lanham Act to protect against trade dress infringement, trade dress is a judge-made concept that only recently has evolved to the point where it encompasses product configuration or design. *See Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 68 U.S.LW. at ——; Mohr, *supra*, at 370-371. In any event, even if Congress *did* intend the Lanham Act to extend this far, the Constitution would preclude it. The Patent Clause only grants Congress the authority to confer patent monopolies "for

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tion or design. *See Wal-Mart Stores, Inc.* v. *Samara Bros., Inc.*, 68 U.S.L.W. at ——; note 1, *supra*. Invoking modern trade dress law to protect an unpatented product's configuration leads to the very result proscribed in *Sears*—it effectively "prohibit[s] the copying of the article itself," substantially restricting the public's right to copy the invention covered by the expired patent, as opposed to its packaging or markings.

limited Times." U.S. Const. art. I, § 8, cl 8 (emphasis added). Thus, "Congress may not create patent monopolies of unlimited duration." *Bonito Boats*, 489 U.S. at 146. *See I.P. Lund Trading ApS* v. *Kohler Co.*, 163 F.3d 27, 51 (1st Cir. 1998) ("A central limitation on patent and copyright protection, stemming from the Constitution itself, is that it is limited in time.") (Boudin, J., concurring).[13]

Congress may not contravene the Patent Clause directly by issuing patents of unlimited duration, and it may not do so indirectly by cloaking the discoveries embodied in patents with trademark protection once they have entered the public domain.[14] This Court has already recognized as much, in the context of discussing the purpose behind trademark's functionality doctrine:

> It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time, 35 U.S.C. §§ 154, 173, after which competitors are free to use the innovation. If a product's functional features could be used as trademarks, however, a monopoly over such features could be obtained without regard to whether they qualify as patents and could be extended forever (be-

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[13] The Framers' decision to limit Congress' patent power to the grant of monopolies for "limited Times" was by no means fortuitous. As this Court has explained, the Patent Clause "was written against the backdrop of the practices—eventually curtailed by the Statute of Monopolies—of the Crown in granting monopolies to court favorites in goods or businesses which had long before been enjoyed by the public." *Graham* v. *John Deere Co.*, 383 U.S. 1, 5-6 (1966) (citing Peter Meinhardt, *Inventions, Patents and Monopoly* 30-35 (London 1946)).

[14] *See Sears*, 376 U.S. at 231; *Scott Paper Co.*, 326 U.S. at 256 ("any attempted * * * continuation in the patentee * * * of the patent monopoly, after the patent expires, *whatever the legal device employed*, runs counter to the policy and purpose of the patent law"), (emphasis added).

cause trademarks may be renewed in perpetuity). [*Qualitex*, 514 U.S. at 164-165.]

In relegating the determination whether a product configuration covered by an expired patent is entitled to trade dress protection to a run-of-the-mine functionality analysis, the Sixth Circuit—and other circuits that follow the same basic approach—have undermined broader institutional concerns reflected in this Court's cases. "Applying a strict rule—one that precludes from trade dress protection any feature or configuration disclosed in a utility patent * * *—would best effectuate patent goals by ensuring that all matters disclosed in a patent are free for all to copy and use." Mohr, *supra*, at 429. Such a "strict rule" also would "prevent [these types of cases] from arising in the first place," since "[i]nventors would have a relatively clear and predictable standard, and careful claims draftsmanship and prosecution would prevent the sacrifice of potential trade dress rights when obtaining utility patent protection." Note, *Recent Case* (Vornado), 109 Harv. L. Rev. 1457, 1462 (1996). "Anything less than a strict rule," on the other hand, would make the market "hesitant to take advantage of inventions coming off patent for fear of [Lanham Act litigation]," stifling competition. *Thomas & Betts Corp.*, 935 F. Supp. at 1408. *See Wal-Mart Stores*, 68 U.S.L.W. at —— ("[c]ompetition is deterred * * * not merely by successful suit but by the plausible threat of successful suit").

Promoting litigation rather than competition is, to say the least, not what Congress—let alone the Framers—had in mind in establishing the patent system.

III. THE CIRCUIT CONFLICT CONCERNS A MATTER OF OVERRIDING IMPORTANCE AS TO WHICH NATIONAL UNIFORMITY IS REQUIRED.

"One of the fundamental purposes behind the Patent and Copyright Clauses of the Constitution was to promote national uniformity in the realm of intellectual property."

Bonito Boats, 489 U.S. at 162. *See Sears*, 376 U.S. at 231 n.7 (it is "[t]he purpose of Congress to have national uniformity in patent and copyright laws"). The acknowledged circuit split on the question presented seriously impedes such uniformity, allowing—indeed, encouraging—the public to copy and use product configurations covered by expired patents in some parts of the country, but subjecting the public to liability for trade dress infringement for doing so in others.

This lack of uniformity is especially intolerable in light of the undeniable importance of the question presented. "[I]mitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146. The position adopted by the Sixth Circuit below—and the other circuits that allow trade dress protection for the subject of an expired utility patent—penalizes imitation and thus stifles competition. *See Kohler Co.* v. *Moen, Inc.*, 12 F.3d at 644 ("This is a crucially important issue for the maintenance of a free and competitive economy.") (Cudahy, J., dissenting). Similarly, "[a] central tenet of intellectual property protection in the United States is the existence of a bargain between society on the one hand, and inventors * * * on the other." Mohr, *supra*, at 344. This bargain "encourages both the creation and public disclosure of new and useful advances in technology, in return for an exclusive monopoly for a limited period of time." *Pfaff* v. *Wells Electronics, Inc.*, 525 U.S. at 63-64. According product configurations that are the subject of expired patents perpetual trade dress protection radically alters this bargain, shortchanging the public—which grants patent monopolies only on the condition that, when they expire, the public has the right to copy the invention as it sees fit.

Given the exceptional importance of the question presented, it is not surprising to find that it has already been

the subject of extensive scholarly commentary[15]—and litigation. As the breadth of the conflict implicated by this case underscores, "[n]umerous cases in recent years have struggled with the relationship between patent and

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[15] The academic commentary grappling with the question presented by this case is practically legion. *See, e.g.*, 1 McCarthy, *supra*, § 6:10, *Utility Patent and Trademark Conflict: Product Shapes*; Gwendolyn Gill, *Through the Back Door: Attempts to Use Trade Dress to Protect Expired Patents*, 67 U. Cin. L. Rev. 1269 (1999); R. Lawton Jordan III, Thomas & Betts Corp. *v.* Panduit Corp.—*Toward A Coherent View of Trade Dress Protection for Product Configuration*, 6 J. Intell. Prop. L. 323 (1999); Todd R. Geremia, *Protecting the Right to Copy: Trade Dress Claims for Configurations in Expired Utility Patents*, 92 Nw. U. L. Rev. 779 (1998); Judith Beth Prowda, *The Trouble With Trade Dress Protection of Product Design*, 61 Alb. L. Rev. 1309 (1998); Manotti L. Jenkins, *A Request to the High Court: Don't Let the Patent Laws Be Distracted By A Flashy Trade Dress*, 15 J. Marshall J. Computer & Info. L. 323 (1997); Willajeanne F. McLean, *Opening Another Can of Worms: Protecting Product Configuration as Trade Dress*, 66 U. Cin. L. Rev. 119 (1997); Kevin E. Mohr, *At the Interface of Patent and Trademark Law: Should a Product Configuration Disclosed in a Utility Patent Ever Quality for Trade Dress Protection?*, 19 Hastings Comm. & Ent. L.J. 339 (1997); Ruby Ann David, *Federal Preemption of a Federal Statute: The Case of* Vornado Air Circulation Systems *v.* Duracraft Corp., 21 J. Corp. L. Santa Clara L. Rev. 253 (1996); Andrea Falk, *Harmonization of the Patent Act and Federal Trade Dress Law: A Critique of* Vornado Air Circulation Sys. *v.* Duracraft Corp., 21 J. Corp. L. 827 (1996); Kerrie A. Laba, *Have Trade Dress Infringement Claims Gone Too Far Under the Lanham Act?*, 42 Wayne L. Rev. 1649 (1996); David W. Opderbeck, *Form and Function: Protecting Trade Dress Rights in Product Configurations*, 20 Seton Hall Legis. J. 1 (1996); Michael S. Pérez, *Reconciling the Patent Act and the Lanham Act: Should Product Configurations Be Entitled to Trade Dress Protection After the Expiration of a Utility or Design Patent?*, 4 Tex. Intell. Prop. J. 383 (1996); Michael E. Peters, *When Patent and Trademark Law Hit the Fan: Potential Effects of* Vornado Air Circulation Systems, Inc. *v.* Duracraft Corp. *on Legal Protection for Industrial Design*, 14 Temp. Envtl. L. & Tech. J. 123 (1996); Anthony E. Dowell, *Trade Dress Protection of Product Designs: Stifling the Progress of Science and the Useful Arts for an Unlimited Time*, 70 Notre Dame L. Rev. 137 (1994). Like the federal circuits, the commentators are deeply divided on this important issue, too.

trademark law in the context of trade dress." Jordan, *supra*, at 324 (footnote omitted). And, as one commentator has observed, the fact that some courts—including the Sixth Circuit below—have embraced "trade dress infringement claims involving product configurations disclosed in expired utility patents" is likely to result in an "onslaught" of such claims in the future. Geremia, *supra*, at 805. *See also* Gill, *supra*, at 1295 (discussing "sheer number cases involving the intersection of patent and trademark law (under the guise of trade dress)"). The question presented, therefore, is not going to resolve itself. Quite the contrary, it only has become more pressing with the issuance of decisions—such as the Sixth Circuit decision below—greatly expanding the law of trade dress and granting established businesses a new and powerful weapon against firms trying to enter the marketplace.

* * *

The federal circuits are sharply divided on whether federal trade dress protection extends to a product configuration covered by an expired utility patent. The courts themselves have acknowledged the split. The Sixth Circuit decision below not only deepens the conflict, but also contravenes this Court's own precedents. The question presented is undeniably important, both as an economic and doctrinal matter. Under this Court's customary criteria, certiorari is plainly warranted.

CONCLUSION

For the foregoing reasons, the petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDICES

APPENDIX A

UNITED STATES COURT OF APPEALS
SIXTH CIRCUIT

Nos. 97-1148, 97-2096 and 97-2097

MARKETING DISPLAYS, INCORPORATED,
Plaintiff-Appellee/Cross-Appellant,

v.

TRAFFIX DEVICES, INCORPORATED,
Defendant-Appellant/Cross-Appellee.

Argued Sept. 21, 1999
Decided Dec. 29, 1999

Before: BOGGS and DAUGHTREY, Circuit Judges; and McKINLEY,* District Judge.

OPINION

BOGGS, Circuit Judge.

This consolidated appeal concerns three related but distinct disputes between the parties. Marketing Devices, Inc. (owner of the WindMaster trademark) claims that TrafFix Displays, Inc. (owner of the WindBuster trademark) has infringed its trademark, infringed its trade

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* The Honorable Joseph H. McKinley, Jr., United States District Judge for the Western District of Kentucky, sitting by designation.

dress, and violated federal unfair competition laws in the process. TrafFix denies these charges, and counterclaims that MDI, by aggressively pursuing sham litigation to extend its patent, has violated § 2 of the Sherman Antitrust Act, which prohibits attempts to monopolize. MDI's unfair competition claim turns on the same evidence as its trademark and trade dress claims, so the three real disputes raised for consideration are 1) infringement of the WindMaster trademark, 2) infringement of the WindMaster trade dress, and, should those claims prove sufficiently unfounded, 3) MDI's alleged attempt to monopolize through sham litigation. TrafFix appeals the district court's order granting summary judgment against TrafFix and enjoining use of its infringing trademark, as well as the dismissal of its antitrust counterclaim. MDI cross-appeals the district court's grant of summary judgment to TrafFix on MDI's trade dress and federal unfair competition claims.

We find no reason to disturb the district court's order permanently enjoining use of the WindBuster trademark. However, because we believe that MDI established genuine issues of material fact on its trade dress and unfair competition claims, we reverse the district court's summary judgment on those issues. In light of these holdings, we affirm summary judgment for MDI on the antitrust counterclaim brought by TrafFix.

I

MDI manufactures a number of different products for sale to the highway construction industry. In particular, it markets a popular, wind-resistant, mobile, traffic-sign stand under the brand name WindMaster, which was trademarked July 5, 1977. The WindMaster sign's design depends in part on patents for a dual-spring base that helps the sign resist windy conditions. MDI's president

Robert Sarkisian developed the patented sign stand in the mid-1960s, and the last relevant patent expired on May 16, 1989, seventeen years after its issuance. TrafFix also sells traffic safety products to the highway construction industry. Knowing that the technology protected by a patent becomes available to the public after the patent expires, TrafFix owner and president Jack Kulp sent an MDI sign to Korea to be reverse engineered into a product he could sell in competition with MDI. Before founding TrafFix, Kulp had distributed WindMaster signs as an employee at another company. TrafFix brought its sign to market in the fall of 1994, but did not begin using the brand name WindBuster until mid-1995. Kulp says he chose the name WindBuster, suggested by a business associate, because it connoted wind resistance, he liked it, and it sounded "like breaking and busting a bronco. . . ."

Before using the name, Kulp directed a patent attorney to conduct a trademark search to determine the availability of WindBuster as a trademark for traffic signs. Attorney Donald Stout concluded in a January 11, 1994 opinion letter that TrafFix had a "reasonably good chance" of registering WindBuster despite the prior marks of WindMaster and WindFlex for traffic-sign stands. He believed that there was not any confusing similarity between WindBuster and the other marks, especially given the "specialized field" and "discriminating" consumer base. TrafFix then filed an application to register WindBuster as a trademark with the United States Patent and Trademark Office on February 10, 1994. The examining attorney found no similar registered mark that would bar registration. The PTO published the proposed new trademark in its Official Gazette on March 14, 1995, to provide an opportunity for anyone to object to the mark's use. No one objected within the post-publication period prescribed by law. Thus, the PTO allowed the Wind-

Buster trademark on June 21, 1995. The trademark registration for WindBuster issued on January 9, 1996.

In the meantime, MDI quickly became aware of the new trademark and filed its initial complaint in this case on July 11, 1995. In an order dated January 13, 1997, the district court granted summary judgment to MDI on its trademark infringement claim, permamently enjoined TrafFix's use of the infringing mark, and dismissed TrafFix's antitrust counterclaim. Then, on June 12, 1997, the district court granted summary judgment to TrafFix, dismissing MDI's trade dress and unfair competition claims. The parties filed timely notices of appeal on the issues adverse to them, and the district court certified all liability issues as final for appeal on September 11, 1997.

II

This court reviews *de novo* the district court's grant of summary judgment as a trademark infringement and its issuance of a permanent injunction. *See Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275, 280 (6th Cir.1997). Because the district court granted summary judgment rather than conducting a trial on this issue, a *de novo* standard of review applies to the entire appeal of the trademark and trade dress claims. *See id.* at 279-80. Summary judgment on the antitrust counterclaim is likewise reviewed *de novo*, but this court reviews for abuse of discretion the district court's decision not to allow discovery on the antitrust counterclaim. *See Glen Eden Hosp., Inc. v. Blue Cross and Blue Shield of Mich., Inc.*, 740 F.2d 423, 428 (6th Cir.1984).

III

As noted by the district court, to prevail on a motion for summary judgment in its Lanham Act trademark in-

fringement claim, MDI must prove that the purportedly infringing mark is "likely to cause confusion" in prospective purchasers' minds. 15 U.S.C. § 1114; *See Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir.1988); *See also Homeowners Group, Inc. v. Home Mktg. Specialists Inc.*, 931 F.2d 1100, 1107 (6th Cir.1991) (identifying the ultimate question as "whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way"); *Daddy's Junky Music*, 109 F.3d at 280 (calling the key question "whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties"). Likelihood of trademark confusion can be a question of law appropriate for determination on a motion for summary judgment. *See WSM, Inc. v. Tennessee Sales Co.*, 709 F.2d 1084, 1086 (6th Cir.1983).

The Sixth Circuit has identified eight factors as informing the likelihood of confusion inquiry:

1. strength of the plaintiff's mark;
2. relatedness of the goods;
3. similarity of the marks;
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. defendant's intent in selecting the mark; [and]
8. likelihood of expansion of the product lines.

Frisch's Restaurants, Inc. v. Elby's Big Boy, 670 F.2d 642, 648 (6th Cir.1982), *quoting AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir.1979). None of these factors is a *sine qua non* for the plaintiff's case, so the defendant does not necessarily establish a genuine issue of

material fact merely by disproving the existence of any one—or even a majority of—the factors. *See Wynn Oil,* 839 F.2d at 1186. Rather, summary judgment for the plaintiff is appropriate if, upon consideration of all factors, the district court determines that no reasonable jury could fail to find that confusion of the marks would be likely.

TrafFix argues that summary judgment is not appropriate whenever "there is a dispute regarding the underlying factors." That argument misconstrues the holding in *Homeowners,* where this court stated:

> To resist summary judgment in a case where the likelihood of confusion is the dispositive issue, a nonmoving party must establish, through pleadings, depositions, answers to interrogatories, admissions and affidavits in the record, that there are genuine factual disputes concerning those of the *Frisch's* factors which may be material in the context of the specific case.

Homeowners, 931 F.2d at 1107. This language does not indicate that any disputed factor is enough, because any one factor standing alone may not be material. Indeed, the district court is apt to find, as it did here, that at least one factor favors the nonmoving party. Since that does not prevent an overall finding of confusion in the movant's favor, it would be illogical for a merely disputed factor to preclude summary judgment. *Homeowners* must be understood to mean that the nonmoving party's burden is to identify a disputed factor or set of factors whose resolution would necessarily be dispositive on the likelihood of confusion issue.

Without regard to the *Frisch's* factors, TrafFix claims its own registered mark earns a presumption against infringement by virtue of the PTO's allowing the Wind-

Buster trademark. It cites no case law in direct support of this proposition. It cites an 1894 Supreme Court case holding that where the question of priority of invention in a patent case is doubtful, the decision of the patent office must control. *See Morgan v. Daniels,* 153 U.S. 120, 125, 14 S.Ct. 772, 38 L.Ed. 657 (1894). Even that case expressly states that the patent office's decision may be overcome by testimony "sufficient to produce a clear conviction that [it] made a mistake." *Id.* at 129, 14 S.Ct. 772. The other case cited by TrafFix says that the presumption of a patent's validity is a statutory presumption, that the constant burden (notwithstanding the presumption) is to convince the court of a patent's invalidity by clear evidence, and that no deference is due a PTO decision with respect to evidence the PTO did not consider. *See American Hoist & Derrick Co. v. Sowa & Sons,* 725 F.2d 1350, 1360 (Fed.Cir.1984). None of this helps TrafFix. TrafFix argues for a procedural presumption (or at least a reasonable inference drawn in its favor) that the trademark examining attorney at the PTO actually examined the WindMaster mark and found that the WindBuster mark did not infringe it. But, as the district court noted, there is no evidence that the PTO considered the WindMaster mark, and the PTO might have made a mistake.

A brief review of the lower court findings on each of the *Frisch's* factors will demonstrate the validity of its legal conclusion that there is sufficient likelihood of confusion to warrant a permanent injunction against the WindBuster mark.

A. Strength of the plaintiff's mark

TrafFix concedes the incontestable status of MDI's WindMaster trademark as to the goods listed in the registration certficate. The district court found that the prod-

uct description in the registration certificate was broad enough to cover MDI's traffic signs, especially given the "virtually identical" language used in the certificate TrafFix received for its WindBuster mark. This factor clearly favors MDI.

B. Relatedness of the goods

TrafFix does not contest on appeal the district court's finding that the parties' goods are related. Hence, this factor clearly favors MDI.

C. Similarity of the marks

TrafFix relies on the PTO's registering of its own WindBuster trademark as suffiicently credible evidence of dissimilarity to create a genuine issue of material fact. The district court found that the WindMaster and WindBuster marks connote the same meaning and resemble one another in look and sound, especially given the similar script and capitalization of the fifth letter and the dominance of the "Wind" prefix. Moreover, as the district court, held, such a dominant impression receives great weight in determining the likelihood of confusion. *See Kangol v. Kangaroos U.S.A. Inc.*, 974 F.2d 161, 163 (Fed.Cir.1992). Indeed, it would be difficult for TrafFix to adopt a mark that is closer to WindMaster than is WindBuster. This factor favors MDI.

D. Evidence of actual confusion

TrafFix contends that the lack of evidence of actual confusion precludes summary judgment on likelihood of confusion. Because the two parties had been competing with the similar marks for over two years when summary judgment was briefed, TrafFix also argues for an inference that significant concurrent sales means that no likelihood of confusion has existed. Alternatively, TrafFix

suggests that isolated evidence of actual confusion means little given the length of time during which the marks competed. The district court appropriately refused the invitation to draw an inference of no actual confusion from the dearth of evidence, because the marks had not competed against one another for nearly as long as marks in prior cases where such an inference has been drawn. Moreover, because a Lanham Act case only requires proof of potential confusion and not actual confusion, this factor is not as central as TrafFix argues. *See Daddy's Junky Music*, 109 F.3d at 284.

The district court deemed as hearsay and refused to admit into evidence the declarations of MDI employees attesting to telephone conversations in which purchasers called asking about WindBuster signs.[1] The court accepted a declaration from a purchaser stating that he assumed WindBuster was an MDI product, but called the testimony *de minimis* proof. However, even one case of actual confusion can be significant. *See id.* at 284-85. This is true both because it suggests there may be other undiscovered instances of actual confusion, and because it

[1] MDI argues that the declarations of its employees about actual instances of confusion are not hearsay since they are not being offered to prove the truth of any matter asserted by the callers (*e.g.*, that the callers were already purchasing MDI's products). Moreover, MDI argues that the declarations fall within the state of mind exception that has been recognized by the Second, Fifth, Seventh, and Tenth Circuits, but rejected by the Eighth Circuit and not decided by the Sixth Circuit. *See Fun-Damental Too, Ltd. v. Gemmy Ind. Corp.*, 111 F.3d 993, 1003-04 (2d Cir.1997); *Armco, Inc. v. Armco Burglar Alarm Co.*, 693 F.2d 1155, 1160 (5th Cir. 1982); *International Kennel Club of Chicago, Inc. v. Mighty Star, Inc.*, 846 F.2d 1079, 1090-91 (7th Cir.1988); *Jordache Enterprises, Inc. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1487 (10th Cir.1987). *But see Duluth News-Tribune v. Mesabi Pub. Co.*, 84 F.3d 1093, 1098 (8th Cir.1996). Like the district court, we find no need to address this evidentiary question since MDI prevails on the trademark issue without the use of this evidence.

strongly suggests the potential for confusion. The district court found that this factor favors neither party, but we hold that it favors MDI at least slightly.

E. Marketing channels used

TrafFix does not contest on appeal the district court's finding that the parties use similar trade channels. Hence, this factor clearly favors MDI.

F. Likely degree of purchaser care

TrafFix agrees with the district court's finding that professional purchasers comprise the buyer class in this case and points to the affidavit of its expert and this court's previous holding that such buyers will have a low propensity to be confused. *See Homeowners,* 931 F.2d at 1111. MDI contends that the "vast majority of buyers are unskilled contractors and buyers who consider price as the primary factor, and whose decisions are typically based on need, convenience and cost." Significantly, the *de minimis* example of actual confusion produced by MDI came from a professional purchaser. He understood there were two marks, but he assumed erroneously that WindBuster was another item in the WindMaster line. Purchaser care may be higher than average in this case, but some mistakes are still likely. At most, this factor slightly favors TrafFix.

G. Defendant's intent in selecting the mark

The district court held that seeking an opinion of a trademark attorney and receiving approval of the Trademark Office prior to using the WindBuster mark precludes a finding of improper intent by TrafFix. That Kulp, the owner of TrafFix, sought the advice of counsel and the approval of the PTO does not disprove that he hoped to trade on the goodwill and reputation of the WindMaster

brand. It merely indicates that he wanted to do so while staying within the bounds of the law. Intent in selecting the mark is a factor more likely to favor the owner of an infringing mark who was unaware of the prior similar mark. *See Worthington Foods, Inc. v. Kellogg Co.,* 732 F.Supp. 1417, 1449-50 (S.D.Ohio 1990); *See also Little Caesar Enters., Inc. v. Pizza Caesar, Inc.,* 834 F.2d 568, 572 (6th Cir.1987).

Kulp formerly distributed WindMaster signs, was aware of the favorable reception of WindMaster products in the marketplace, reverse-engineered a WindMaster sign to develop his own product, mimicked the WindMaster sign's appearance, and selected a similar name It strains credulity to believe WindBuster was associated in Kulp's mind more with the idea of a bucking bronco than with a similar-sounding sucessful manufacturer of road-sign stands. Still, finding of willful and intentional trademark infringement seems improper given that TrafFix did delay using its mark until it received PTO approval.

If the WindBuster mark was chosen with the intent to cause confusion, that alone may be sufficient to infer confusing similarity. *See Homeowners,* 931 F.2d at 1111, *citing Wynn Oil,* 839 F.2d at 1189. There is at least some record evidence suggesting that TrafFix misled its attorney with regard to some relevant facts in rendering his opinion. Thus, while this factor may not favor either party, TrafFix is not wholly innocent here.

H. Likelihood of expansion of the product lines

The parties agreed that this factor favored neither of them.

Looking at the eight factors together, only purchaser care favors TrafFix, and that only slightly. This one factor by itself does not create a genuine issue of material

fact as to the likelihood of confusion. The district court found more factors favoring TrafFix, which suggests it made every effort to draw inferences in favor of TrafFix. Yet the district court nonetheless concluded that WindMaster and WindBuster are confusingly similar marks as a matter of law. The arguments on appeal provide no reason to disturb that decision.

IV

The Lanham Act's protection of registered trademarks extends also to unregistered trade dress. *See Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 765 n. 2, 112 S.Ct. 2753, 120 L.Ed.2d 615 (1992); *See also Esercizio v. Roberts*, 944 F.2d 1235, 1238 (6th Cir.1991). To recover for trade dress infringement under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), MDI must prove by a preponderance of the evidence: 1) that its trade dress has obtained "secondary meaning" in the marketplace; 2) that the trade dress of the two competing products is confusingly similar; and 3) that the appropriated features of the trade dress are primarily nonfunctional. *See Esercizio*, 944 F.2d at 1239; *See also Kwik-Site Corp. v. Clear View Mfg. Co. Inc.*, 758 F.2d 167, 178 (6th Cir.1985). To defeat summary judgment, MDI must show a genuine issue of material fact as to each of these issues.

A. Secondary meaning

A product's trade dress becomes sufficiently distinctive to qualify for protection under the Lanham Act if it is either inherently distinctive or if it acquires secondary meaning. *See Two Pesos*, 505 U.S. at 769, 112 S.Ct. 2753. "To acquire a secondary meaning in the minds of the buying public, an article of merchandise . . . must proclaim its identification with its source, and not simply stimulate inquiry about it." *Esercizio*, 944 F.2d at 1239,

quoting West Point Mfg. Co. v. Detroit Stamping Co., 222 F.2d 581, 595 (6th Cir.1955); *See also Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 659 (7th Cir.1995) ("*Thomas & Betts I*") ("Consumers must . . . desire the product with the particular feature because it signifies that producer"). To test secondary meaning, the district court applied the seven factors used in the *Sassafras Enterprises* trade dress case:

1. direct consumer testimony;
2. consumer surveys;
3. exclusivity, length, and manner of use;
4. amount and manner of advertising;
5. amount of sales and number of customers;
6. established place in the market; and
7. proof of intentional copying.

See Sassafras Enters., Inc. v. Roshco, Inc., 915 F.Supp 1, 7 (N.D.Ill.1996). After examining these factors, the lower court concluded that no reasonable trier of fact could determine that MDI had established secondary meaning in the trade dress of its WindMaster signs. However, the inquiry was hampered by the district court's confining the question to whether the dual-spring configuration (rather than the trade dress in its entirety) identifies MDI as the source of the WindMaster sign.

1. Direct consumer testimony

MDI offered the deposition testimony of TrafFix employees and a former MDI marketing manager that they could recognize an MDI WindMaster sign stand when driving by on the highway. The district court did not credit this evidence, reasoning that these deponents were not consumers. MDI points to a Seventh Circuit case

where nonconsumer testimony was admitted to show secondary meaning where deponents were distributors rather than ultimate consumers. *See Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277, 294 (7th Cir.1998) (*"Thomas & Betts II"*).

2. Consumer surveys

No consumer surveys were provided to the court before the motion for summary judgment was filed. The district court refused to weigh unsworn testimony from 40 purchasers attesting to their association of the WindMaster trade dress with MDI that was submitted in untimely fashion and without leave of the court.

3. Exclusivity, length, and manner of use

The district court acknowledged the length of time over which MDI has used its trade dress, but discounted that portion (all but five years) that overlapped with its patents. MDI responds that the patents never covered the trade dress, because the two are separate kinds of intellectual property and that MDI, in any event, enjoyed five years of unique trade dress after the patents expired and before TrafFix began using a similar trade dress.

MDI also licensed its dual-spring configuration to Eastern Metal company around 1986. The district court found that this undercut identification of that product feature with one source. *See Sassafras*, 915 F.Supp. at 8, *citing* 1 J. Thomas McCarthy on Trademarks and Unfair Competition § 8.02[5], (3d ed.1995). MDI asserts that Eastern Metal paid in part for the use of the trade dress, which should support that it has a secondary meaning worth acquiring.

4. Amount and manner of advertising

The district court found that the amount of advertising, while substantial, did not establish much without showing that a link was established in the mind of consumers. Moreover, the court found that MDI's advertising emphasized no particular aspect of WindMaster's look, merely pictured the product, and did not identify anything as trade dress.

MDI responds that its promotional literature, mailers, and trade show miniature stands all illustrate the look of the sign stand, and that other courts have found such advertising persuasive. *See Sara Lee Corp. v. American Leather Prods., Inc.*, No. 97 C 4158, 1998 WL 433764, at *13 (N.D.Ill. July 29, 1998) ("COACH's print advertisements highlight the trade dress to the consumer by featuring the products in isolation"); *See also Yamaha Int'l Corp. v. Hoshino Gakki Co.*, 840 F.2d 1572 (Fed. Cir.1988) (finding secondary meaning for shape of guitar head always appearing in advertising and promotional literature).

5. Amount of sales and number of customers

The district court discounted this factor since sales success could be attributed to a number of factors other than trade dress. It also noted that MDI's figure of more than $1 million in annual sales for over 20 years was not compared to any competitor's numbers to provide context. MDI argues that the only evidence in the record to account for WindMaster's sales success is the goodwill built up in its trademark and trade dress.

6. Established place in the market

No market-share information is in the record.

7. Proof of intentional copying

The district court found that although TrafFix intentionally copied MDI's design, it did not necessarily do so to confuse customers. In so finding it relied on deposition testimony provided by TrafFix claiming that MDI's design was copied because it was believed to be in the public domain after the WindMaster patents expired.

MDI responds that intentional copying merits a stronger inference of trying to take advantage of an existing secondary meaning than the lower court allows; however, the cases cited by MDI do not involve a utility patent that could provide an ulterior motive here. *See Esercizio,* 944 F.2d at 1239; *See also DAP Products, Inc. v. Color Tile Mfg., Inc.,* 821 F.Supp. 488, 492 (S.D.Ohio 1993). There is nothing to copy from a design-patented article other than its look, but if form follows function, a similar look might naturally result from copying the protected mechanism in a utility patent. The inference MDI urges does not conclusively show that TrafFix sought to take advantage of an extant secondary meaning.

Nevertheless, drawing all reasonable inferences in favor of the nonmoving party, we must conclude that MDI has shown that a genuine issue of material fact exists as to secondary meaning for its sign stand's trade dress. Considering the sign stand as a whole, and not just the dual-spring configuration, a reasonable juror could conclude that the WindMaster sign stand had obtained secondary meaning in the marketplace that TrafFix sought to misappropriate.

B. Confusing similarity

After conducting a *Frisch's* factor analysis as is proper for trade dress as well as trademark confusion cases, the district court was unwilling to hold as a matter of law

that the two trade dresses are not confusingly similar. Since the district court thus based its grant of summary judgment for TrafFix on the other two requirements, there is no need to consider the *Frisch's* factor analysis in detail here.

C. Primarily nonfunctional

Finally, MDI must show that the trade dress features appropriated from WindMaster were primarily nonfunctional. This requirement ensures that trade dress protection will not be used effectively to extend a patent: "The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by allowing a producer to control a useful product feature." *Qualitex Co. v. Jacobson Prods. Co.,* 514 U.S. 159, 164, 115 S.Ct. 1300, 131 L.Ed.2d 248 (1995). The Sixth Circuit deems a product feature to be legally functional "if it is essential to the use or purpose of the article or if it affects the cost or quality of the article." *Esercizio,* 944 F.2d at 1246, *quoting Inwood Laboratories, Inc. v. Ives Laboratories, Inc.,* 456 U.S. 844, 850 n. 10, 102 S.Ct. 2182, 72 L.Ed.2d 606 (1982).

The district court's conclusion that WindMaster's purported trade dress was instead an unprotectable functional element rested on three main findings. First, it found that the utility patent disclosed the dual-spring design as functional, so that WindMaster is estopped from arguing that it is nonfunctional in the trade dress context. Second, the district court found that the dual-spring design had been promoted as functional, rather than as aesthetic or a merely identifying feature. Finally, the lower court found that recognizing WindMaster's trade dress claim would put competitors at a disadvantage by affecting the cost and quality of the alternative designs remaining for their use.

In determining that a prior utility patent creates a presumption against a trade dress claim, the district court relied heavily on the McCarthy treatise: "[O]ne cannot argue that a shape is functionally advantageous in order to obtain a utility patent and later assert that the same shape is non-functional in order to obtain trademark protection." 1 J. Thomas McCarthy on Trademarks and Unfair Competition § 7:89 (4th ed.1996). In his patent application Sarkisian, MDI's president, claimed that "two spaced apart spring connections . . . prevent twisting of the sign frame." In subsequent successful litigation over the patent, Sarkisian contended that closely-spaced dual-coil springs were functionally equivalent and covered by the patent. MDI contends that litigation over the patent concerned the utility of the dual-spring design, while litigation over trade dress concerns the appearance of the dual-spring design.

A circuit split exists as to whether a utility patent disclosure forecloses trade dress protection. The Fifth, Seventh, and Federal Circuits have held or strongly suggested that a utility patent disclosure does not prevent trade dress protection. *See Sunbeam Prods., Inc. v. West Bend Co.*, 123 F.3d 246, 256 (5th Cir.1997) ("[T]he fact that the American Classic Mixmaster® incorporates functional features named in utility patents does not compel the conclusion that the product configuration is legally functional"); *Thomas & Betts II*, 138 F.3d at 288 (reversing the district court's misstatement of the law and holding that "there is no per se prohibition against features disclosed in a patent receiving trademark protection after the patent has expired"); *Midwest Indus., Inc. v. Karavan Trailers, Inc.*, 175 F.3d 1356, 1362 (Fed.Cir. 1999) ("[S]tatements in a patent may provide evidence that the asserted trade dress is functional, and thus not entitled to legal protection. But the fact that a patent has

been acquired does not convert what otherwise would have been protected trade dress into nonprotected matter" (citations omitted)). Only the Tenth Circuit, in an opinion that preceded the contrary rulings of the other three circuits, has held that "[w]here a product configuration is a significant inventive component of an invention covered by a utility patent . . . it cannot receive trade dress protection under section 43(a)." *Vornado Air Circulation Sys., Inc. v. Duracraft Corp.*, 58 F.3d 1498, 1500 (10th Cir.1995).

The Tenth Circuit argued that a per se rule is necessary to effect the public policy underlying patent law of releasing protected designs after a period of time. But those functional designs may be separated from the appearance here. So long as it is possible to protect the appearance without protecting the design, a per se rule is not necessary. Here that might be possible, as MDI suggests, by not extending trade dress protection "to vertically arranged coil springs with other leg members (U-shaped, parallel, etc.) and/or with other uprights (twin poles, A-shaped, etc.) [that] may create an entirely different look altogether." It takes little imagination to conceive of a hidden dual-spring mechanism or a tri or quad-spring mechanism that might also avoid infringing WindMaster's trade dress. The best way to decide the feasibility of such alternatives is to do a functional analysis of the trade dress unencumbered by any presumptions other than the ordinary burden of proof assumed by the plaintiff.

The district court next found functionality based on WindMaster's promotion of the dual-spring design's performance rather than its appearance. MDI argues that it has not specifically promoted the appearance of the dual springs because its trade dress is not confined to that element. Rather, the entire look of its WindMaster display sign stand has been promoted through pictures in catalogs

and a miniature stand used at trade shows. MDI is correct to contend that the lower court committed legal error by evaluating an individual component of the trade dress rather than its entirety. *See Merriam-Webster, Inc. v. Random House, Inc.*, 35 F.3d 65, 71-72 (2d Cir.1994); *The Antioch Co. v. Western Trimming Corp.*, Nos. 98-3876, 98-3943, 1999 WL 777556, at *3 (6th Cir.1999), *quoting Hartford House, Ltd. v. Hallmark Cards, Inc.*, 846 F.2d 1268, 1271 (10th Cir.1988). The district court focused solely on the dual-spring design because it says that every other competitor uses the other elements of a single upright, four leg members extending out at angles, and a sign. This analysis fails to note that all of the other competitors lack the dual-spring design; they avoid emulating the trade dress in that manner. If TrafFix or another competitor chooses to use the dual-spring design, then it will have to find *some other way* to set its sign apart to avoid infringing the WindMaster's trade dress. It is the combination of all the elements that, as MDI correctly argues, could confuse the public.

Finally, the district court found that protecting the trade dress asserted by MDI would put its competitors at a disadvantage beyond the merely reputational. Because the dual-spring design is one of a limited number of superior designs, the lower court found that the design element is a functional one. Presumably every limitation on what another competitor can do hinders competition somewhat. The appropriate question is whether the particular product configuration is a competitive necessity. If it affects the cost or the quality or the objective (non-reputational) desirability of competitors' products negatively enough, then the trade dress element may be deemed legally functional. Having any effect on cost or quality is not enough. Exclusive use of a feature must "put competitors at a *significant* non-reputation-related disadvantage" before trade dress protection is denied on functionality grounds. *Qualitex*, 514 U.S. at 165, 115 S.Ct. 1300 (emphasis added).

MDI points to its numerous competitors and their equivalent products as proof that MDI's trade dress is not a competitive necessity. The district court stated that those competitors' designs are themselves patented and therefore unavailable to TrafFix. That is beside the point. TrafFix does not get to copy the trade dress of its competitor whose patent has expired just because other design options are still under patent. TrafFix could come up with its own design, or license one of the outstanding patents, or use the dual-spring design in a way that does not infringe MDI's trade dress. As with intellectual property and competition law generally, the proper question is the overall effect on competition if a particular trade dress claim receives protection, not the prospects of any particular competitor when that protection is granted. *Cf. Spectrum Sports, Inc. v. McQuillan*, 506 U.S. 447, 458, 113 S.Ct. 884, 122 L.Ed.2d 247 (1993) (noting the policy of the Sherman Act to protect the public's interest in competition, not private concerns of competitors).

The same facts can support both trademark (and/or trade dress) infringement and unfair competition under § 43(a) of the Lanham Act. *See Frisch's Restaurants*, 849 F.2d at 1015. The unfair competition claim thus must be remanded for further proceedings along with the trade dress claim.

V

The parties agree and the district court noted that "before reaching the merits of an antitrust claim, it is necessary to identify the relevant markets." *Potters Med. Ctr. v. City Hosp. Ass'n*, 800 F.2d 568, 574 (6th Cir.1986). This prioritization, however, addresses market definition

a bit prematurely, at least in the context of a claim of sham litigation. The purpose of market definition is to determine whether the antitrust defendant actually exerts or threatens to exert monopoly control over any particular market segment. Under § 2, a defendant obviously cannot be illegally protecting a monopoly if it does not enjoy a monopoly in the first place. By the same token, however, if the activity of which the purported monopolist is accused would not be illegal even for a monopolist, then identifying a monopolized market is superfluous. Thus, while it is certainly necessary to identify a relevant market in order to prove a § 2 violation, it is not necessary to identify a relevant market in order to disprove a § 2 violation—which was MDI's goal in seeking summary judgment. As the *Potters* precedent itself demonstrates, it is possible to affirm summary judgment on claims of sham proceedings without first defining a relevant market. *See id.* at 574-75.

For this reason, it is possible to dispense with the market definition question until after deciding whether asserting trade dress rights after the expiration of a patent in the circumstances of this case can violate § 2. To prove that trademark or trade dress infringement litigation violates § 2, it must first be shown that the suit was "objectively baseless in the sense that no reasonable litigant could realistically expect success on the merits." *Prof'l Real Estate Investors, Inc. v. Columbia Pictures Indus., Inc.*, 508 U.S. 49, 60, 113 S.Ct. 1920, 123 L.Ed.2d 611 (1993). Then TrafFix must show that MDI filed a baseless suit as "an attempt to interfere *directly*" with TrafFix's business relationships through the use of the process of litigation rather than the outcome sought. *Id.* at 60-61, 113 S.Ct. 1920, *citing Eastern R.R. Presidents Conf. v. Noerr Motor Freight, Inc.*, 365 U.S. 127, 144, 81 S.Ct. 523, 5 L.Ed.2d 464 (1961). In other words, to

prevail on its antitrust claim, TrafFix must show that MDI brought its trade dress claim knowing it had no chance for success and with the intent of deterring competition.

As the district court noted, courts do allow parties to pursue trade dress rights in the face of an expired patent. *See Kohler Co. v. Moen, Inc.*, 12 F.3d 632, 638 (7th Cir.1993). TrafFix argues that trade dress rights may be pursued after design patents expire, but not after utility patents expire. TrafFix points to no authority for this proposition, and there does not appear to be a per se rule to this effect, as discussed, *supra* at 939-40 (noting the weight of authority from other circuits against any such per se rule). Thus, TrafFix cannot argue that MDI had a baseless suit merely because its patent had expired.

Nor does TrafFix provide any reason to believe that a utility patent and trade dress protection must be mutually exclusive. The consensus on this question is that patent and trademark law protect different interests, and that "a product's different qualities can be protected simultaneously, or successively, by more than one of the statutory means for protection of intellectual property." *Kohler*, 12 F.3d at 638-39 (collecting sources). If protectable at all, the trade dress of MDI's WindMaster signs is protectable separately from its patents. Moreover, as seen from the earlier discussion, MDI's claim of trademark and trade dress infringement is not so outlandish as to appear to be brought only to burden a competitor with litigation. This is especially true given the heretofore unsettled character of trade dress protection for product configurations in this circuit. Nor has TrafFix provided an ounce of evidence suggesting an improper motive on MDI's part. For these reasons, the district court properly held that MDI's trade dress claim was not an unlawful attempt to monopolize in violation of § 2.

Since the activity that MDI has undertaken has not been deemed anticompetitive, there is no reason to have allowed discovery on the market definition issue. The district court did not abuse its discretion in granting summary judgment before allowing discovery.

VI

Summary judgment was appropriate on the trademark infringement claim since TrafFix established no genuine issue of material fact. However, because TrafFix received PTO approval for its mark, it cannot be said to have willfully and intentionally infringed MDI's mark. The district court judgment on this issue is affirmed, and the claim remanded to determine damages for the infringement. Despite the cross-motions for summary judgment on the trade dress and unfair competition claims, it should not have been granted to either party. MDI established a genuine issue of material fact as to secondary meaning, and the district court ruling was legally erroneous on the functionality question. Therefore, a grant of summary judgment to TrafFix was unwarranted. Since the actions pursued by MDI were thus clearly reasonable under the law, no antitrust violation attaches, and it was not an abuse of discretion not to allow discovery on the issue of MDI's market power. Accordingly, we AFFIRM the judgment of the district court in part, REVERSE in part, and REMAND the case for further proceedings consistent with this opinion.

APPENDIX B

UNITED STATES DISTRICT COURT
E.D. MICHIGAN
SOUTHERN DIVISION

Civil Action No. 95-40230

MARKETING DISPLAYS, INC.,
Plaintiff,

v.

TRAFFIX DEVICES, INC.,
Defendant.

June 12, 1997

Order Denying Reconsideration
July 9, 1997

MEMORANDUM OPINION AND ORDER

GADOLA, District Judge.

Before the court are cross-motions for summary judgment pursuant to Federal Rule of Civil Procedure 56. Plaintiff, Marketing Displays, Inc. ("MDI") and defendants, TrafFix Devices Inc. ("TrafFix"), filed their respective motions on February 28, 1997. This court heard oral argument on May 28, 1997. For the reasons set forth below, this court will grant TrafFix's motion for summary judgment and deny MDI's motion for summary judgment.

Background

MDI manufactures and sells, *inter alia*, spring-mounted wind-resistant sign stands. MDI has been manufacturing and selling these sign stands since 1968 under the trademark WINDMASTER. The first sign stand sold under the WINDMASTER mark was a business-type wind-resistant sign stand that was used to display advertisements, such as those seen at gas stations.

In the mid 1970's MDI modified its business-type wind-resistant sign stands in order to utilize the wind-resistant concept for traffic warning signs. The traffic-type wind-resistant sign stands were used to hold signs such as "ROAD WORK AHEAD" and "ROAD CONSTRUCTION AHEAD". These traffic-type, spring-mounted wind-resistant sign stands were then sold under the same mark WINDMASTER in the traffic control field.[1]

MDI's WINDMASTER sign stands have been protected by two utility patents: United States Patent Number 3,646,696 and 3,662,482 (hereinafter the "'696" and "'482" patents, respectively). In obtaining the '696 patent MDI argued, before the United States Patent Office, that its dual spring design had benefit over the prior art. Moreover, MDI has, on at least one occasion, brought suit to enforce those patents against an alleged infringer who was manufacturing a sign stand containing a dual spring configuration like the one at issue here. In that 1978 case,[2] MDI succeeded in obtaining an injunction

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1 In 1987, MDI introduced an orange corrosion-coated steel version of its traffic sign and sold it under the mark STEELMASTER. Since STEELMASTER is otherwise identical to the WINDMASTER and is, in fact, part of the WINDMASTER line of products, this court, for purposes of this opinion, will refer to the WINDMASTER and STEELMASTER products collectively as "WINDMASTER".

2 *Sarkisian v. Winn-Proof, Corp.*, 208 U.S.P.Q. 60 (D.Or.1978) *aff'd in part, rev'd in part*, 686 F.2d 671 (9th Cir.1981).

against the infringer from manufacturing such a dual spring design.

MDI has also granted patent licenses to third-parties having the dual spring configuration at issue here. For instance, MDI licensed Eastern Metal, under its utility patents, to sell sign stands incorporating the dual spring configuration at issue here in exchange for royalties and rights to use Eastern Metal's patents. Upon expiration of MDI's patents in 1989, Eastern Metal stopped paying royalties.

While the '696 and '482 patents were in force, MDI clearly and consistently marked its sign stands with the patent numbers which served to put the public on notice of MDI's rights. In addition, MDI has consistently identified those patents in its WINDMASTER product literature.

The WINDMASTER line of stands has enjoyed commercial success, selling over twenty million dollars to date. In 1986, Jack Kulp founded TrafFix to manufacture and sell traffic-type sign stands and related products. Thereafter, TrafFix sent one of MDI's WINDMASTER sign stands to Korea to be "reverse engineered." TrafFix effectively copied the WINDMASTER sign stand as the product configurations of the parties' products are virtually identical. (See Figure 1). In 1994, TrafFix began selling that product under the WINDBUSTER trade name. Thereafter, on July 11, 1995, MDI filed the instant action.

MDI brought this action against TrafFix alleging that TrafFix's WINDBUSTER spring-mounted wind-resistant sign stands infringed upon MDI's WINDMASTER trademark and trade dress rights and constituted unfair competition, pursuant to the Lanham Act.

On January 13, 1997, this court, by memorandum opinion and order [3], granted MDI's motion for summary judgment that MDI's WINDMASTER trademark was infringed by TrafFix's use of the confusingly similar mark WINDBUSTER in connection with traffic sign stands. The parties now seek summary judgment as to the issue of whether MDI's alleged trade dress rights in its dual spring configuration sign stands is being infringed by TrafFix's dual spring configuration sign stand.[4, 5]

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[3] That opinion was non-substantially amended on May 29, 1997.

[4] Since this court previously granted MDI summary judgment on Count I (Federal Trademark Infringement) of MDI's four count amended complaint and dismissed, by order dated September 7, 1995, Count III (common law unfair competition) and since Count IV (Federal Unfair Competition) is governed by the same facts as Count II (Trade Dress Infringement), summary judgment at this time as to Count II would effectively resolve all of the remaining issues in this case. *Frisch's Restaurants, Inc. v. Elby's Big Boy*, 849 F.2d 1012, 1015 (6th Cir.1988) (finding that the same facts can support both trademark infringement and unfair competition under § 43(a)).

Moreover, while it is axiomatic that this court is not permitted to resolve genuine issues of material facts on a motion for summary judgment—even where both parties have filed cross motions for summary judgment, *Taft Broadcasting Co. v. United States*, 929 F.2d 240, 248 (6th Cir.1991), where, as here, both parties proceed on the same legal theory and rely on the same material facts, the court is signaled that the case is ripe for summary judgment. *Shook v. United States*, 713 F.2d 662, 665 (11th Cir.1983). *See also Bricklayers, Masons and Plasterers International Union v. Stuart Plastering Co.*, 512 F.2d 1017, 1023 (5th Cir.1975) (Cross motions for summary judgment may be probative of the non-existence of a factual dispute).

[5] Although Traffix's instant motion is styled as a motion for summary judgment as to functionality rather than as to trade dress, it will have the same dispositive effect as a motion for summary judgment as to trade dress if this court finds that the dual spring configuration is functional. *See* discussion of applicable Law, *infra*, p. 266.

Specifically, MDI asserts that it has trade dress rights in its WINDMASTER sign stand which is comprised of:

(a) a relatively narrow base member;

(b) a pair of vertically arranged closely spaced coil springs attached to the base member;

(c) a plurality of leg members attached to the base member and extending therefrom at angles thereof;

(d) an upright member attached to the coil springs; and

(e) a sign attached to the upright member.

For the purposes of this opinion, however, this court finds that the only element of the alleged trade dress at issue is the pair of vertically arranged closely spaced coil springs (hereinafter "dual spring configuration" or "dual spring design").[6] *See discussion infra*, pg. 273.

Legal Standard

Rule 56(c) of the Federal Rules of Civil Procedure provides that summary judgment "shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Summary judgment is appropriate where the moving party demonstrates that there is no genuine issue of material fact as to the existence of an essential element of the non-moving party's

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[6] MDI effectively concedes this finding in its brief in support of its motion for summary judgment wherein it says: ". . . purchasers and persons in the traffic control industry associate MDI's product configuration—*the dual spring design*—with MDI." MDI's Brf. at p. 8. (emphasis added).

case on which the non-moving party would bear the burden of proof at trial. *Martin v. Ohio Turnpike Commission*, 968 F.2d 606, 608 (6th Cir.1992); *Celotex Corp. v. Catrett*, 477 U.S. 317, 322, 106 S.Ct. 2548, 2552, 91 L.Ed.2d 265 (1986). In considering a motion for summary judgment, the court must view the facts and draw all reasonable inferences therefrom in a light most favorable to the non-moving party. *60 Ivy Street Corporation v. Alexander*, 822 F.2d 1432, 1435 (6th Cir.1987). The court is not required or permitted, however, to judge the evidence or make findings of fact. *Id.* at 1435-36. The moving party has the burden of showing conclusively that no genuine issue of material fact exists. *Id.* at 1435.

A fact is "material" for purposes of summary judgment where proof of that fact would have the effect of establishing or refuting an essential element of the cause of action or a defense advanced by the parties. *Kendall v. Hoover Co.*, 751 F.2d 171, 174 (6th Cir.1984). In other words, the disputed fact must be one which might affect outcome of the suit under the substantive law controlling the issue. *Henson v. National Aeronautics and Space Administration*, 14 F.3d 1143, 1148 (6th Cir. 1994). A dispute over a material fact is genuine "if the evidence is such that a reasonable jury could return a verdict for the non-moving party." *Id.* Accordingly, where a reasonable jury could not find that the non-moving party is entitled to a verdict, there is no genuine issue for trial and summary judgment is appropriate. *Feliciano v. City of Cleveland*, 988 F.2d 649 (6th Cir. 1993).

Once the moving party carries its initial burden of demonstrating that no genuine issues of material fact are in dispute, the burden shifts to the non-moving party to present specific facts to prove that there is a genuine issue for trial. To create a genuine issue of material fact, the

non-moving party must present more than just some evidence of a disputed issue. As the United States Supreme Court stated in *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249-50, 106 S.Ct. 2505, 2511, 91 L.Ed.2d 202 (1986):

> There is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. If the [non-moving party's] evidence is merely colorable, or is not significantly probative, summary judgment may be granted.

(Citations omitted); *see also Celotex*, 477 U.S. at 322-23, 106 S.Ct. at 2552-53; *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586-87, 106 S.Ct. 1348, 1355-56, 89 L.Ed.2d 538 (1986). Consequently, the non-moving party must do more than raise some doubt as to the existence of a fact; the non-moving party must produce evidence that would be sufficient to require submission of the issue to the jury. *Lucas v. Leaseway Multi Transp. Serv., Inc.*, 738 F.Supp. 214, 217 (E.D. Mich. 1990), *aff'd*, 929 F.2d 701 (6th Cir.1991).

Applicable Law

Section 43 (a) of the Lanham Act which creates a civil cause of action for trademark infringement provides, in relevant part, that:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—
>
> (1) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, con-

> nection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person . . . .
>
> shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

15 U.S.C. § 1125(a). The protection against infringement provided by section 43(a) includes the unregistered "trade dress" of an article. *Two Pesos, Inc., v. Taco Cabana, Inc.*, 505 U.S. 763, 765 n. 2, 112 S.Ct. 2753, 2756 n. 2, 120 L.Ed.2d 615 (1992); *Esercizio v. Roberts*, 944 F.2d 1235, 1238 (6th Cir. 1991).

To prove a trade dress violation in contravention of section 43(a), a plaintiff must show, by a preponderance of the evidence: 1) that the trade dress has obtained "secondary meaning;" 2) that the trade dress of the two competing products is confusingly similar; and 3) that the appropriated features of the trade dress are primarily non-functional. *Esercizio*, 944 F.2d at 1239; *Kwik-Site Corp. v. Clear View Mfg. Co. Inc.*, 758 F.2d 167, 178 (6th Cir.1985).

a. Secondary Meaning

The trade dress of a product may be identified in one of two ways. A product's trade dress may be inherently distinctive or it may acquire secondary meaning through the consumer associating the trade dress with the product's source.[7] *Two Pesos, Inc.*, 505 U.S. at 769, 112

[7] MDI has offered only a conclusory argument that the trade dress of its WINDMASTER sign stand is inherently distinctive. Accordingly, this court finds that the WINDMASTER sign stand is not inherently distinctive and, therefore, will only address the issue of secondary meaning.

S.Ct. at 2757-58. Secondary meaning is established when "[i]n the minds of the public, the *primary significance* of a product feature or term . . . identif[ies] the source of the product rather than the product itself." *Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 851 n. 11, 102 S.Ct. 2182, 2187 n. 11, 72 L.Ed.2d 606 (1982) (emphasis added). The Sixth Circuit Court of Appeals has stated that:

> To acquire a secondary meaning in the minds of the buying public, an article of merchandise when shown to a prospective customer must prompt the affirmation, "That is the article I want because I know its source," and not the negative inquiry as to "Who makes that article?" In other words, the article must proclaim its identification with its source, and not simply stimulate inquiry about it.

Esercizio, 944 F.2d at 1239 (citing *West Point Mfg. Co. v. Detroit Stamping Co.*, 222 F.2d 581, 595 (6th Cir.) *cert. denied*, 350 U.S. 840, 76 S.Ct. 80, 100 L.Ed. 749 (1955)). In a trade dress action, the ultimate issue is whether "[a] product feature's *primary significance* to consumers is as an identifier of source or as an element which contributes to the inherent appeal of the product." *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 659 (7th Cir.1995) (emphasis added). In other words, for our purposes, the question is whether the pair of vertically arranged closely spaced coil springs of the MDI WINDMASTER sign stand primarily serves as an identifier of the sign stand's source.

In order to better evaluate MDI's claim of the existence of secondary meaning in the trade dress of its WINDMASTER product, this court will employ the seven part test used in *Sassafras Enterprises, Inc. v. Roshco, Inc.*, 915 F.Supp. 1 (N.D.Ill.1996). In *Sassafras*, the district

court identified the following factors for consideration in determining the existence of secondary meaning in a trade dress action: (1) direct consumer testimony; (2) consumer surveys; (3) exclusivity, length, and manner of use; (4) amount and manner of advertising; (5) amount of sales and number of customers; (6) established place in the market; and (7) proof of intentional copying. *Id.* at 7 (citing *Echo Travel, Inc. v. Travel Assoc., Inc.*, 870 F.2d 1264, 1267 (7th Cir.1989)). *Cf. Blockbuster Entertainment Group v. Laylco, Inc.*, 869 F.Supp. 505, 510 (E.D.Mich.1994).[8] These factors, however, are significant only to the extent that they help this court resolve the ultimate issue, to wit: could a reasonable fact finder conclude that in the minds of consumers the *primary significance* of the dual spring configuration is to identify MDI as the source of the WINDMASTER sign stand. *See Sassafras*, 915 F.Supp. at 7.

1. Direct Consumer Testimony

In support of this factor, MDI offers the deposition testimony of John McKenny, an engineer who is TrafFix's expert; Walt Kuczera, one of TrafFix's principals; and Cecil Upsprung, a former marketing manager for MDI. These deponents testified that they could recognize an MDI WINDMASTER sign stand while driving by one on the highway. None of these deponents, however, are consumers of sign stands. Instead, the consumers of sign

[8] The *Blockbuster* court identified six factors tending to demonstrate the existence of secondary meaning in a trademark dispute: (1) advertising expendtures; (2) consumer studies linking the name to the source; (3) sales success; (4) unsolicited media coverage; (5) attempts to plagiarize the mark; and (6) the length and exclusivity of the product's use. Although the *Sassafras* and *Blockbuster* tests are comprised of essentially the same elements, this court will discuss the *Sassafras* factors as they were specifically employed in a trade dress action.

stands are professional purchasers. As Prof. McCarthy states: "[t]he meaning of a term to a non-purchasing segment of the population is neither relevant nor important." 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 11.20 (4th ed.1996) (hereinafter "McCarthy on Trademarks"). As such, this deposition testimony does not establish the requisite "primary significance" of the dual-spring design as a brand identifier in the consumer's mind. *See Vornado Air Circulation Systems v. Duracraft Corp.*, 58 F.3d 1498, 1502 n. 7 (10th Cir.1995). Accordingly, this factor favors TrafFix.

2. Consumer Surveys

Neither MDI nor TrafFix provides survey evidence. While such evidence is not required in trademark cases, *see Committee for Idaho's High Desert Inc., v. Yost*, 92 F.3d 814, 39 U.S.P.Q.2d 1705, 1711 (9th Cir.1996); *Charles Jacquin et Cie, Inc., v. Destileria Serralles, Inc.*, 921 F.2d 467, 17 U.S.P.Q.2d 1104, 1110 (3d Cir.1990); *Indianapolis Colts Inc. v. Metropolitan Baltimore Football Club*, 34 F.3d 410, 31 U.S.P.Q.2d 1811, 1815 (7th Cir.1994), such evidence would have been particularly useful in this trade dress action. Where, as here, a product's design feature is at issue, conumer survey evidence would be extremely elucidating in discerning the specific reason(s) that customers purchase the product in question.

MDI has utterly failed to produce any survey evidence from which a reasonable fact finder could conclude that MDI's dual-spring design is of primary significance in the consumer's mind as a brand identifier. *See Sassafras*, 915 F.Supp. at 7-8. Accordingly, this factor favors TrafFix.

3. Exclusivity, Length and Manner of Use

MDI asserts that it has been manufacturing and selling its wind resistant traffic stands since the mid-1970s. MDI's use of its dual-spring configuration obviously was exclusive until its patents expired in 1989. In a situation such as this, however, length of exclusive use may not truly indicate acquisition of secondary meaning. The *Thomas & Betts* court's holding in this regard is directly on point. That court stated:

> It is not enough that the consumers associate the form of the product with a particular producer. Such an association is inevitable when the first comer is the exclusive producer under a patent. Consumers must also care that the product comes from a particular producer (though they need not be able to identify him) and must desire the product with the particular feature because it signifies that producer.

Thomas & Betts, 65 F.3d at 658-59. Here, MDI was clearly the first comer and exclusive producer under the patent. That, however, is not sufficient to establish the dual spring design as a source signifier.

Moreover, MDI acknowledges that it licensed Eastern Metal, in approximately 1986, to use its *WINDMASTER* dual-spring configuration for sign stands. This is similar to *Sassafras* where the plaintiff, who sold pizza sets, provided its pizza set items to retailers who then marketed sets under private label trademarks. In *Sassafras*, the court found that private labeling arrangements may operate against a finding of secondary meaning because it becomes more difficult to show that the configuration identifies a single source. 915 F.Supp. at 8 (citing *McCarthy on Trademarks*, § 8.02[5] (3d. ed.1995)). Accordingly, this factor favors TrafFix.

4. Amount and Manner of Advertising

MDI argues that the money it has spent over the last twenty years in promotional literature, consumer contacts, and trade shows is strong evidence of the secondary meaning that has developed in the minds of consumers for its sign stand. In *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863 (8th Cir.1994), the court stated that:

> Expenditures on advertising and promoting a trademark may be relevant to a determination of secondary meaning because the amount spent may be indicative of the extent to which the public associates that advertised mark with the source of the product bearing the mark.

Id. at 872. Although such evidence *may* be indicative of an association in the public's mind, by itself, it is not strong evidence. In *Walt-West Enter., Inc. v. Gannett Co.*, 695 F.2d 1050, 1060 (7th Cir.1982), the court explained that such advertising expenditures, as well as long and exclusive use, were not germane to the issue of secondary meaning if the plaintiff could not show that the expenditures caused the public to "regard the primary significance of the [mark] as designating a single, though perhaps anonymous, source . . ." As discussed *supra*, no survey evidence has been offered to establish such an association. Therefore, the relevance of the amount and manner of advertising in this case is minimal.

Professor McCarthy has stated that the presence or absence of "look for" promotion is relevant to the issue of secondary meaning. 1 *McCarthy on Trademarks*, § 7:30 (4th ed.1996). MDI claims that it has used such advertising in its literature. This court, however, finds no evidence of "look for" type advertising in MDI's literature which would urge the reader to identify the WINDMASTER product by the vertical dual-spring design. Instead,

the brochures produced by MDI merely picture the stands and its component parts. *See Ohio Art. Co. v. Lewis Galoob Toys, Inc.*, 799 F.Supp. 870, 883 (N.D.Ill.1992) (stating that "[s]econdary meaning cannot be established by advertising that merely pictures the product and does nothing to emphasize the mark or dress.") Moreover, while MDI's advertising consistently identifies its patents in product literature relating to the WINDMASTER sign stands, it has never identified its WINDMASTER product configuration as protected "trade dress" in any literature that has been produced to date. Accordingly, this factor favors TrafFix.

5. Amount of Sales and Number of Customers

MDI claims that the amount of commercial success its sign stands have enjoyed indicates that purchasers equate the product's design with MDI. In *Aromatique*, however, the court discussed the problems associated with using evidence of sales to establish secondary meaning. The court stated:

> . . . such evidence may not provide the basis for an inference of secondary meaning because something other than the secondary meaning of the trade dress may have been responsible for the success of the product. Success of a product is not among the types of evidence described by the PTO as useful in establishing secondary meaning.

Aromatique, 28 F.3d at 873. This is particularly so where, as in this case, the asserted trade dress is also the most functionally useful feature of the product. In this case the usefulness of the dual-spring design may very well have been the reason for MDI's sales success. Accordingly, such sales evidence is entitled to little if any weight.

In any event, the only evidence of sales success provided by MDI is its assertion that sales of the product have averaged over a million dollars a year for over twenty years. While these appear to be impressive sales figures, MDI did not provide a sufficient context for this court to assess those figures. For instance, MDI does not compare its sales figures with that of its competitors. Accordingly, this factor only slightly favors MDI.

6. Established Place in the Market

Neither MDI nor TrafFix has provided evidence of MDI's established market share. Due to the lack of supporting evidence, this factor favors neither party.

7. Proof of Intentional Copying

MDI argues that secondary meaning may be presumed from TrafFix's intentional acts of copying the design of MDI's dual spring configuration. The Seventh Circuit, however, has stated that:

> Copying is only evidence of secondary meaning if the defendant's intent in copying is to confuse consumers and pass off his product as the plaintiff's. In that situation, the defendant's belief that plaintiff's trade dress has acquired secondary meaning-so that his copying will indeed facilitate his passing off-is some evidence that the trade dress actually has acquired secondary meaning.

Thomas & Betts, 65 F.3d at 663. In such a situation, where the product itself is copied, evidence of intent is often ambiguous. *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 611 (7th Cir.186). "[T]he copier may very well be exploiting a particularly desirable feature, rather than seeking to confuse consumers as to the source." *Duraco Prods., Inc. v. Joy Plastic Enter., Ltd.*, 40 F.3d 1431, 1453 (3d Cir.1994).

At most this evidence could support an inference if supported by additional facts. *Sassafras*, 915 F.Supp. at 10. MDI, however, provides no evidence to indicate that TrafFix's act of copying was done to confuse the public. Conversely, TrafFix provides supporting deposition testimony that the act of intentional copying was not done to confuse consumers but was based upon the belief that the patents covering the design had expired and the product had moved into the public domain. Accordingly, this factor favors TrafFix.

In sum, this court's evaluation of the *Sassafras* factors reveals that no reasonable trier of fact could determine that MDI has established secondary meaning. Accordingly, this court finds that the primary significance of the appearance and configuration of MDI's dual spring design in the minds of consumers is *not* to identify it with its source.

Even if this court were to assume, *arguendo*, that MDI has established secondary meaning in its WINDMASTER product design, it would not find that TrafFix has infringed MDI's alleged trade dress rights since this court finds that, as a matter of law, the MDI dual spring configuration is functional. *See* discussion *infra*.

Although this court is not prepared to find, as a matter of law, that no likelihood of confusion exists, this court will nevertheless proceed to address that issue.

b. Likelihood of Confusion

In the Sixth Circuit, the legal test for determining whether a "likelihood of confusion" exists is well settled. In *Frisch's Restaurants, supra* 670 F.2d at 642, the Court of Appeals set forth eight factors that are relevant to a likelihood of confusion analysis:

1. strength of the plaintiff's [trade dress];
2. relatedness of the goods;
3. similarity of the [trade dresses];
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. defendant's intent in selecting the [trade dress];
8. likelihood of expansion of the product lines.

Id. at 648 (quoting *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir.1979)). In *Wynn Oil Co. v. Thomas*, 839 F.2d 1183 (6th Cir.1988), the Sixth Circuit explained that the *Frisch's* factors are:

> . . . simply a guide to help determine whether confusion would be likely to result from simultaneous use of the two contested [trade dresses]. They imply no mathematical precision, and a plaintiff need not show that all, or even most, of the factors listed are present in any particular case to be successful.

Id. at 1186.

While it is true that this court's likelihood of confusion analysis must consider the same *Frisch's Restaurants factors* for an alleged trade dress infringement as it did for the trademark infringement claim [9] previously decided by this court, it does not necessarily follow that this court's conclusion must be the same.

1. Strength of MDI's Trade dress

Although this court has previously acknowledged that MDI's trademark, WINDMASTER, is strong, the same

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[9] *See Esercizio*, 944 F.2d at 1241-42 (holding that the *Frisch's Restaurant* factors should be considered in determining likelihood of confusion in a Lanham Act case).

cannot be said for the alleged trade dress of the WINDMASTER sign stand. As this court found above, MDI has not developed secondary meaning in its sign stand. Despite its admittedly significant expenditures on advertisements, those advertisements do not identify MDI's claimed trade dress rights in the WINDMASTER sign stand nor do they urge the consumer to identify the source of the WINDMASTER sign stand by the dual spring design. Also, as noted above, MDI's reliance on the testimony of so-called consumers to identify the WINDMASTER sign stand by the dual-spring configuration is misplaced as those persons do not constitute the relevant consumer market. Accordingly, this factor favors TrafFix.

2. Relatedness Of The Goods

This court has previously found, in discussing trademark infringement, that the WINDBUSTER products are virtually identical to the WINDMASTER products. Nothing in this court's analysis regarding trade dress infringement changes that finding. Accordingly, this factor favors MDI.

3. Similarity of the Trade Dress

While it is true that the WINDBUSTER and WINDMASTER sign stand products are virtually identical, it does not follow that there is a similarity of trade dress. This is so because there has been no showing by MDI that consumers identify the source of the dual spring design with MDI rather than TrafFix or some other source. As stated above, even if there was such an identification of product source, there would be no violation of trade dress rights as this court finds that the dual spring design is functional. See discussion *infra*. Accordingly, this factor favors neither party.

4. Evidence of Actual Confusion

This court previously held, in its January 13, 1997 opinion, that the testimony of MDI's salesmen regarding alleged customer confusion is inadmissible hearsay. Mem. Op. and Order, January 13, 1997 at pg. 15. *See also Duluth News-Tribune v. Mesabi Pub. Co.*, 84 F.3d 1093, 1098 (8th Cir.1996). The *Duluth News* court stated that such evidence is "hearsay of a particularly unreliable nature given the lack of an opportunity for cross-examination of the [customer] regarding the reason for the 'confusion.'" *Id.* MDI urges this court to reconsider its prior holding regarding the admissibility of such evidence. This court, however, after reviewing the deposition testimony of Messrs. Noone, Scully, and Hyde, declines to do so and, in fact, is even more convinced that such testimony should not be admitted. Neither Messrs. Noone, Scully, nor Hyde were able to identify a specific individual customer who had exhibited confusion or on what particular occasion such confusion was alleged to have occurred.

Similarly, Mr. Lunt, whose testimony this court would consider to be evidence of actual confusion since he is a purchaser of sign stands, was instead referring to someone else's "confusion." Moreover, Mr. Lunt was not able to testify that the "confusion" he referred to dealt with the "style" of the products, stating: "I'm not sure we're talking about style of products or style of the advertisement for it."

Despite the almost complete lack of evidence as to actual confusion, this court will, once again, refrain from drawing an inference of no actual confusion. Accordingly, this court finds that this factor does not favor either party.

5. Marketing Channels Used

This court has previously found, in discussing trademark infringement, that the WINDBUSTER products and the WINDMASTER products are distributed through identical marketing channels. Nothing in this courts analysis regarding trade dress infringement changes that finding. Accordingly, this factor favors MDI.

6. Likely Degree of Purchaser Care

This court previously ruled, in its January 13, 1997 opinion, that the relevant buyer class is composed of professional purchasers which tends to lower the likelihood of confusion. *See Homeowners Group v. Home Marketing Specialists*, 931 F.2d 1100, 1111 (6th Cir.1991) (citing 2 *McCarthy on Trademarks* § 23:29 (2d ed.1984)). MDI urges this court to reconsider its prior ruling in light of the testimony of Messrs. Lunt, Hyde, Sculley, and Noone. This court, however, declines to do so, in part, because it has found that testimony inadmissible. Accordingly, this factor favors TrafFix.

7. TrafFix's Intent In Selecting The Dual-Spring Design

While it is indisputable that TrafFix copied the WINDMASTER dual-spring design, that fact is of limited relevance in determining TrafFix's intent since it is clear that the patents covering that sign stand were in the public domain at the time of copying and that the design was desirable. In *Esercizio*, the Sixth Circuit stated that:

> 'Where the copying by one party of another's product is not done to deceive purchasers and thus derive a benefit from another's name and reputation, but rather to avail oneself of a design which is attractive and desirable, a case of unfair competition is not made out.'

Esercizio, 944 F.2d at 1243 (quoting *West Point Mfg. Co.*, 222 F.2d at 586). The *Esercizio* court concluded that "where Ferrari's design enjoyed strong secondary meaning and Roberts admitted that he designed his cars to look like Ferrari's, the intent to copy was clear." *Id.*

In the instant case, this court has found that MDI, unlike Ferrari in *Esercizio*, did not enjoy strong secondary meaning in its product design. Moreover, while TrafFix did, in fact, copy MDI's product design, MDI does not direct this court to any evidence that the copying was done with the intent to derive a benefit from the reputation of MDI. *See Zin-Plas Corp. v. Plumbing Quality AFG Co.*, 622 F.Supp. 415, 420 (W.D.Mich. 1985). While this court did find that TrafFix infringed upon the WINDMASTER mark by adopting the WINDBUSTER mark, which was likely to confuse a purchaser as to the source of the sign stand, it does not follow that TrafFix intended to improperly trade upon the WINDMASTER design, which this court has found lacks secondary meaning, by copying it. Accordingly, this factor favors TrafFix.

8. Likelihood of Expansion of the Product Lines

Both parties concede that this factor does not favor either party.

Thus, after examining the eight *Frisch* factors, this court, although firmly convinced, itself, that no likelihood of confusion exists, can not say, as a matter of law, that there is not a likelihood of confusion between the trade dress of the WINDMASTER sign stand and the WINDBUSTER sign stand.

c. Functionality

The Supreme Court has recently stated that:

> 'In general terms, a product feature is functional,' and cannot serve as a trademark, 'if it is essential to the use or purpose of the article *or* if it affects the cost or quality of the article,' that is, if exclusive use of the feature would put competitors at a significant non-reputation-related disadvantage.

Qualitex Co. v. Jacobson Products Co., 514 U.S. 159, 165, 115 S.Ct. 1300, 1304, 131 L.Ed.2d 248 (1995) (quoting *Inwood Labs., supra*, 456 U.S. at 844, 102 S.Ct. at 2183-84). *See also Esercizio*, 944 F.2d at 1246 (stating that "[a] product feature is functional 'if it is essential to the use of purpose of the article or if it affects the cost or quality of the article.' ") (quoting citation omitted). Moreover, Professor McCarthy has stated that:

> The existence of a valid functional patent disclosing the utilitarian advantages of the configuration in question is very strong, if not conclusive, evidence of the functionality of the configuration in which trademark significance is alleged.

1 *McCarthy on Trademarks* § 7:89 (4th ed.1996) (citing cases).

While it is axiomatic that the patent and trade dress laws protect different interests, *Thomas Betts Corp.*, 65 F.3d at 657-58, and that courts allow a party to assert trade dress rights after its patent has expired, *see, e.g., Kohler Co., v. Moen Inc.*, 12 F.3d 632, 638 (7th Cir. 1993); *Application of Mogen David Wine Corp.*, 51 C.C.P.A. 1260, 328 F.2d 925, 930 (1964); *Zip Dee, Inc. v. Dometic Corporation*, 931 F.Supp. 602, 612 (N.D.Ill. 1996), it is also "well established that in the case of an expired patent, the federal patent laws do create a federal

right to 'copy and use'." *Elmer v. ICC Fabricating*, 67 F.3d 1571, 1580 (Fed.Cir.1995) (quoting *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165, 109 S.Ct 971, 985, 103 L.Ed2d 118 (1989) (emphasis in original)). The *Elmer* court, citing *Qualitex*, also stated that "extending trademark/trade dress law to protect functional features might create perpetual, patent-like rights in unpatented or unpatentable items." *Id. See also Keene Corp. v. Paraffex Indus.*, 653 F.2d 822, 824 (3d Cir. 1981).

It is important to bear in mind that the burden remains upon MDI to establish the non-functionality of the WINDMASTER sign stand rather than on TrafFix to show that it is functional. *Esercizio*, 944 F.2d at 1239. Therefore, MDI, as part of its burden of proving non-functionality by a preponderance of the evidence, must overcome the effective presumption that the disclosures of the '696 and '482 patents establish that the dual spring configuration of the WINDMASTER sign stand is functional.[10]

Essentially, MDI makes three arguments in support of its claim that the configuration it alleges as protected trade dress is non-functional. First, MDI argues that its '696 and '482 utility patents are irrelevant to the issue of functionality. Second, MDI argues that use by others of the

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[10] MDI concedes that while functionality is a question of fact, where the facts pertainng to functionality are not in dispute, as in this case, the court may rule on the question. *See, e.g., HWE, Inc. v. JB Research, Inc.*, 993 F.2d 694, 696 (9th Cir.1993) (affirming the district court's decision in favor of defendant on summary judgment that plaintiff did not meet its burden on issue of functionality); *Interactive Network, Inc. v. NTN Communications, Inc.*, 875 F.Supp. 1398, 1409 (N.D.Cal.1995) (granting summary judgment because party with burden of proving nonfunctionality could not do so); *San Francisco Mercantile Co., Inc. v. Beeba's Creations, Inc.*, 704 F.Supp. 1005, 1009 (C.D.Cal.1988) (granting summary judgment because disputed designs were functional).

configuration it claims as trade dress is not a competitive necessity. Third, MDI claims that its advertising has continuously promoted the "look" of its sign stand rather than its utilitarian or functional advantages.

At the outset, this court notes that when determining whether a product configuration is functional, the product configuration must be looked at in its entirety, not as discrete features that may be functional individually. *Schwinn Bicycle Co. v. Ross Bicycles, Inc.*, 678 F.Supp. 1336, 1351 (N.D.Ill.1988). *See also, Hartford House, Ltd. v Hallmark Cards, Inc.*, 846 F.2d 1268, 1272 (10th Cir.1988). An overall design combination of features that are individually functional is protectable if the combination of those elements is not functional. *See* Restatement (Third) of Unfair Competition § 17, comment b (1995). MDI claims that its trade dress comprises five elements *see supra*, p. 265, and that these must be considered in their entirety, not as individual components. However, the only significant distinction in appearance between MDI's sign stands and the sign stands of MDI's competitors is the vertical dual-spring design or configuration. Each of the competitors' sign stands identified by MDI includes the other four features claimed as elements of the alleged trade dress. Thus, while this court must look to the entire claimed trade dress, it is clear that the only element of MDI's alleged trade dress that arguably sets MDI's product apart from its competitors, and thus could operate as a source identifier, is the pair of vertically arranged closely spaced coil springs.

The first issue to be addressed in determining whether MDI's asserted trade dress is nonfunctional is the signifiance of MDI's expired '696 and '482 patents. In *In re Morton—Norwich Products, Inc.*, 671 F.2d 1332 (C.C.P.A.1982), the court cited its prior decision in *In Re Shenango Ceramics, Inc.*, 53 C.C.PA. 1268, 362 F.2d 287, 291 (1966), stating that "the existence of an expired

utility patent which disclosed the *utilitarian advantage of the design* sought to be registered as a tradmark was *evidence* that it was 'functional'." (citation omitted in original). Moreover, Professor McCarthy has stated that:

> Although the courts treat functional patents as evidence of primary functionality, this evidence is particularly entitled to great weight if the patent was applied for by the same person who now asserts trademark significance in the same configuration. A kind of estoppel arises. That is, one cannot argue that a shape is functionally advantageous in order to obtain a utility patent and later assert that the same shape is non-functional in order to obtain trademark protection. Functional patent protection and trademark protection are mutually exclusive.

1 *McCarthy on Trademarks* § 7:89 (4th ed.1996).

MDI argues that its '696 and '482 patents are not relevant to the issue of functionality because they do not disclose the closely-spaced vertical dual spring configuration of the WINDMASTER traffic sign stands and therefore they do not teach the specific configuration of the claimed WINDMASTER trade dress. This court, however, finds such a position to be untenable given MDI's past enforcement of these utility patents. While the configuration being claimed as trade dress in this case is not literally disclosed in the '696 or '482 patents, MDI has, in the past, enforced its rights in its '696 and '482 patents by enjoining the manufacture of a product configuration virtually identical to that being alleged to constitute trade dress in the instant case. *See Winn-Proof Corp., supra*, 203 U.S.P.Q. at 60.[11] In *Winn-Proof*, the court found that the Winn-

[11] MDI urges this court to distinguish *Winn-Proof* because Sarkisian, who is the patent owner, was the plaintiff rather than MDI. However, Sarkisian, who is the president and principal of MDI,

Proof sign stand, which included two closely-spaced vertical coil springs, infringed MDI's '696 and '482 patents under the doctrine of equivalents and enjoined manufacture of that sign stand. *Id.* at 68. In arguing for this judgment, counsel for MDI,[12] in his post-trial brief, asserted not only that the configuration of defendant's sign stand was substantially similar to the configuration now being asserted as trade dress by MDI, but also that the imitated features are functional.

Specifically he stated:

> . . . Sarkisian's teaching of the "WindMaster" concept *was incorporated by plaintiff into a roadside construction sign stand having a single upright and . . . coil springs mounted close together in an arrangement markedly similar to defendants' models.* . . . [T]he unique manner in which "WindMaster" sign stands with large display areas[] *function*, though unanchored and readily portable, to be stable against tipping under high wind conditions [is] *a function fully incorporated in the accused devices of* [*the*] *defendants* . . . (emphasis added).

Furthermore, counsel asserted that all MDI's various sign designs, which would include the design now being asserted as trade dress, are functionally equivalent:

> As shown at trial, all the various "WindMaster" sign stands incorporate all of the features, perform in the same manner, and achieve the same results as the sign stands disclosed and claimed in the '696 and '482 patents.

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had all of "his" litigation expenses paid for by MDI. Accordingly, this court will consider Mr. Sarkisian and MDI, for purposes of the instant motions, to be interchangeable.

12 Present counsel for MDI, Mr. John A. Artz, also represented Mr. Sarkisian in the *Wimm-Proof* case.

These arguments that the closely-spaced dual-coil spring design performs or functions in an equivalent manner to the more spaced-apart dual-coil springs are especially significant given the arguments that MDI made in its efforts to obtain its patents. MDI argued that the functioning of the dual-spring design was superior to the single-spring design taught by the prior art:

> One of the novel points of structure in the present invention is the provision of a pair of spring connections as opposed to a single spring connection as has been used in the past in connection with signs. . . . The reason for providing two spaced apart spring connections is to force the sign to deflect in a direction along the longitudinal axis of the base and to prevent twisting of the sign frame.

MDI has not explained how its two positions, one touting the functionality of the dual-spring design, whether closely or widely spaced, for purposes of obtaining and enforcing its patents, and the other, disclaiming the functionality of its closely spaced dual-spring design for purposes of obtaining trade dress protection, are not inconsistent. Instead, MDI argues that the "fact that MDI previously asserted its patent rights against a sign stand with coil springs is riot relevant . . . [because] that prior case was patent infringement which focused on the utility of the products as described by the patent claims—not their physical appearance." This response, however, misses the point. As the Supreme Court stated in *Qualitex*:

> The functionality doctrine prevents trademark law, which seeks to promote competition by protecting a firm's reputation, from instead inhibiting legitimate competition by *allowing a producer to control a useful product feature.*

Qualitex, 514 U.S. at 164, 115 S.Ct. at 1304 (emphasis added).[13]

MDI next argues that use by others of the configuration it claims as trade dress is not a competitive necessity. MDI states that the test of competitive necessity is "whether the market would be forclosed if a competitor could not market an identically configured product." This however, is something of an overstatement. According to

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13 Without much in the way of elaboration, plaintiff directs this court's attention to a number of products that have been granted trade dress rights despite having some utilitarian features. This court, however, finds that each is distinguishable from the case at bar. In *In re Weber-Stephen Products Co.*, 3 USPQ2d 1659, 1987 WL 124298 (T.T.A.B.1987), the Court affirmed the registration for the configuration of the round Weber grill as non-functional. While the Weber grill was patented, the Court found that "nothing in the patent discloses any utilitarian advantages of this particular design." Further, the Court identified many equivalent and available designs. In *Black & Decker Corp. v. Int'l Sales and Marketing*, 36 USPQ2d 1851, 1995 WL 776943 (C.D.Cal.1995), the Court's 52 word analysis of functionality is of little assistance to this court, especially given that the court made no mention of any patent, expired or otherwise. In *In re Honeywell, Inc.*, 8 USPQ2d 1600, 1988 WL 252417 (1988), the Court found that the patents which had covered this device "relate[d] to the inner workings of the thermostat . . . [and that] there is nothing of inherent utilitarian value about the circular round shape of the cover[1]." Furthermore, the Court found that in the 17 years since the patent had expired, no one else had made use of a rounded circular cover configuration and therefore concluded that a cover so shaped was not a competitive necessity. In *Sunbeam Products Inc. v. The West Bend Co.*, 39 USPQ2d 1545, 1996 WL 511639, the Court found that while the mixer was comprised of many functional components, many of which had been patented, the overall shape and configuration was non-functional. Conversely, in the case at bar, the only feature identified that could arguably be the product's "trade dress" is the most functional feature of the product. Finally, plaintiff directs this Court to the Coca-Cola bottle example. All that plaintiff offers as evidence of the non-functionality of the Coke bottle is a trademark registration number. No evidence of any patent, expired or otherwise, is offered, nor any analysis of its non-functionality.

the Restatement (Third) of Unfair Competition § 17, comment b (1995), "[A] design may be functional if it is *one of a limited number* of superior designs." (emphasis added). Furthermore, the Federal Circuit has stated:

> That another type of [design] would work equally as well does not negate that this [design] was designed *functionally* to enhance or at least not detract from the rest of the system. . . . If the feature asserted to give a product distinctiveness is the best, or at least one, of a few superior designs for its *de facto* purpose, it follows that competition is hindered.

In re Bose Corp., 772 F.2d 866, 872 (Fed.Cir.1985) (emphasis in original). Moreover, the Supreme Court in *Qualitex* noted that the exclusive use of the claimed configuration may put competitors at a disadvantage if use of that configuration "affects the cost or quality of the article." *Qualitex, supra*, 514 U.S. at 165, 115 S.Ct. at 1304.

As stated earlier, it is MDI's burden to prove nonfunctionality; thus, MDI must show not only that alternative designs exist, but also that those alternatives effectively eliminate competitors' need for the features that MDI is asserting as protectable trade dress. *See Elmer*, 67 F.3d at 1580.

MDI argues that its asserted trade dress is nonfunctional because the number of alternative sign stand designs available to TrafFix is "virtually unlimited." MDI refers specifically to designs made by six competitors in the traffic control work zone market: Sign-Up Corp, Dicke Tool, Eastern Metal, Work Area Protection, Korman Signs, and Services and Materials. As TrafFix points out, however, these purported alternatives are either unequal to MDI's dual spring design or unavailable. None of the so-called alternative designs are capable of withstanding the 75

mph winds tolerated by MDI's sign stand.[14] Moreover, four of the sign stands touted as alternatives which advertise a wind resistant feature are patented and are therefore unavailable for use by others.[15]

As disclosed in its '696 and '482 patents, MDI attributes its sign stands' ability to withstand high winds to their dual-spring construction. Furthermore, Mr. Hillstrom stated that in changing the MDI sign stand from their widely-spaced dual-spring design to the closely-spaced dual-spring design, MDI reduced the size of the base, making the sign stand more compact and lighter weight Also according to Mr. Hillstrom, by changing to the closely-spaced dual-spring design, MDI lowered the cost to manufacture the sign stand. Such evidence that a design feature affects the cost or quality of an article was noted by the Supreme Court to be particularly indicative of functionality. *See Qualitex,* 514 U.S. at 164-66, 115 S.Ct. at 1304.

MDI has not shown that competitors in the traffic work zone sign stand market have no need for lightweight, easily portable, wind resistant sign stands. Indeed, Mr. Hillstrom stated that the changes in the design of the WINDMASTER sign stands were made in response to just such a perceived need. Moreover, MDI has not proffered sufficient evidence that competitors have viable alternatives to meet such a need. If the purported alternatives are not available and equal, then they are not true alternatives.

MDI's third argument is that its advertising has continuously promoted the "look" of its sign stand rather than

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14 Further, TrafFix offers MDOT specifications as evidence that many of the proposed alternatives do not match WINDMASTER'S performance.

15 MDI also suggests, by way of a declaration from their designer, Mr. Hillstrom, that hypothetical alternative designs can be used. However, these designs are unsupported by any evidence that they are equal in performance.

its utilitarian or functional advantages. If a seller encourages customers "to 'look for' a particular product or package feature," this is "evidence of tradmark or trade dress status in that feature[] as well as evidence of the presence of secondary meaning." 1 *McCarthy on Trademarks* § 7:74 (4th ed.1996) (citing cases). On the other hand, "[i]f a seller advertises the utilitarian advantages of a particular feature, this constitutes strong evidence of functionality." *Id.*

While MDI has highlighted the dual-spring construction and its ability to withstand high winds in its promotional literature, it has not, as discussed *supra,* utilized "look for" advertising. Since the dual-spring construction is arguably the most *utilitarian* aspect of MDI's signstands, the advertising that emphasizes that configuration in the absence of any "look for" designation is significant in finding the dual-spring design functional.

This court finds that MDI has not proffered sufficient evidence which would enable a reasonable trier of fact to find that MDI's vertical dual-spring design is *non*-functional. The expired utility patents are especially strong evidence of the usefulness of the dual-spring design. The alternative designs suggested by MDI are few and unequal to the WINDMASTER sign stand in performance. Finally, MDI's advertising emphasizes the functional advantages of the dual spring design rather than its look. Thus, this court finds that the dual-spring design asserted by MDI as trade dress is functional as a matter of law and not entitled to trade dress protection under the Lanham Act.

Conclusion

For the reasons stated above, this court finds that no reasonable trier of fact could conclude that MDI has established secondary meaning in its WINDMASTER sign

stand design. Even assuming, *arguendo*, that MDI has created a genuine issue of fact as to secondary meaning, this court finds that, as a matter of law, the pair of vertically arranged closely spaced coil springs attached to the base member on the MDI WINDMASTER sign stand is functional. Accordingly, MDI's motion for summary judgment is denied and TrafFix's motion for summary judgment is granted.

[Figure 1 Omitted in Printing]

ORDER

IT IS HEREBY ORDERED that plaintiff, MARKETING DISPLAYS, INC.'s, motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), on Counts II and IV of its amended complaint, is DENIED.

IT IS FURTHER ORDERED that defendant, TRAFFIX DEVICES INC.'s, motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), on Counts II and IV of plaintiff's amended complaint, is GRANTED and that plaintiff, MARKETING DISPLAYS, INC., take nothing.

SO ORDERED.

ORDER DENYING PLAINTIFF'S MOTION FOR RECONSIDERATION

[July 9, 1997]

On June 10, 1997, this court entered an order granting the defendant, TrafFix's, motion for summary judgment and denying the plaintiff, MDI's, motion for summary judgment as to Counts II and IV of MDI's amended complaint. On June 24, 1997, MDI timely filed a motion for reconsideration pursuant to Local Rule 7.1(h) (E.D. Mich. Nov. 7, 1994). MDI asserts that this court erred in 1) limiting its analysis of MDI's trade dress to a pair of vertically arranged closely spaced coil spings, 2) ruling that MDI's trade dress was not inherently distinctive, 3) ruling that MDI's trade dress did not have secondary meaning, 4) not ruling that there was a likelihood of confusion between MDI's alleged trade dress and TrafFix' sign stand, and 5) ruling that MDI's alleged trade dress is functional as a matter of law.

While plaintiff asserts that this court committed "error" for the reasons stated above, plaintiff never couches its arguments in the appropriate legal standard of review of a motion for reconsideration. The Local Rules for the Eastern District of Michigan state that in a motion for reconsideration "the movant shall not only demonstrate a palpable defect by which the court and the parties have been misled but also show that a different disposition of the case must result from correction thereof." L.R. 7.1(h)(3). A "palpable defect" is a defect which is obvious, clear, unmistakable, manifest or plain. Webster's New World Dictionary 974 (3rdEd.1988). The Local Rules also provide that any motion for reconsideration which merely presents the same issues relied upon by the court, either expressly or by reasonable implication, shall be denied. L.R. 7.1(h)(3).

MDI has not demonstrated that a palpable defect occurred in this court's June 10, 1997 order. In large part,

MDI's arguments in support of reconsideration merely reiterate the arguments it previously presented to this court. This court has already considered these arguments and has resolved them against MDI. This court, however, will take this opportunity to further elucidate the conclusions of the June 10, 1997 opinion.

First, plaintiff argues that this court erred in narrowing its consideration of MDI's alleged trade dress to a pair of vertically arranged closely spaced coil springs when plaintiff defined its trade dress as comprising a narrow base, closely spaced coil springs, four leg members extending at angles from the base, an upright, and a sign.[1] MDI contends that it is entitled to consideration of its entire trade dress because the image and "look" which separates it from its competitors is the entire "synergistic" [2] combination of elements claimed.

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[1] Plaintiff asserts that TrafFix never contested MDI's definition of MDI's alleged trade dress. This assertion, however, is incorrect. *See* TrafFix's Brief in Reply to MDI's Opposition to TrafFix's Motion for Summary Judgment, p. 4.

[2] The court finds plaintiff's use of the word "synergistic," in describing the combination of elements it alleges as its trade dress, curious to say the least. As plaintiff's counsel is aware, "Synergism" is a concept in patent law sometimes discussed in relation to the nonobviousness of an invention. This court is not aware of any use or application of the term in the law of trade dress. In fact, the Ninth Circuit in *Sarkisian v. Winn-Proof Corp.*, 688 F.2d 647 (9th Cir.1982), a case intimately involved in this matter, stated that:

> A definition of synergism that reflects its etymon is that the elements in the combination must cooperate or interact with each other. So defined, synergism distinguishes those inventions in which parts are merely aggregated, and those in which the parts coact with each other so that the result comes from the combined effect of the several parts and not simply from the separate action of each.

Id. at 649, fn. 1. That plaintiff would use a term that speaks to the interactive functioning of the elements of MDI's sign stand in

Every single one of the competitors cited by MDI, however, markets a sign stand with a narrow base, four leg members extending at angles from the base, an upright, and a sign. As such, MDI's argument that a pair of vertically-arranged coil spings combined with other leg members variously shaped, i.e., U-shaped, parallel, etc., and/or other uprights, i.e., twin poles, A-shaped, etc., may create an entirely different look altogether, is irrelevant to this court's finding. Moreover, as this court pointed out in its June 10, 1997 opinion, MDI's own references to its product effectively concede the fact that the dual spring configuration is the only element that sets MDI's alleged trade dress apart from that of its competitors. *See* Opinion and Order, p. 5, fn. 6. Also telling is that in support of MDI's assertion that all its competitors "have different product configurations and designs," MDI describes each of them only in terms of its spring mechanism. *See* MDI's Brief in Opposition to TrafFix's Motion for Summary Judgment, p. 11. Accordingly, this court finds no palpable defect has occurred in this regard.

Plaintiff next argues that the court erred in finding that its trade dress is not inherently distinctive. Under the applicable legal standards cited by this court, trade dress can be identified in one of two ways, either as being inherently distinctive or as having acquired secondary meaning. Plaintiff claims that it did not choose to argue inherent distinctiveness for purposes of this motion, but instead chose to rely on its argument that its sign stands had acquired secondary meaning. Yet, at oral argument, when queried by this court as to what evidence supported its claim of inherent distinctiveness, counsel for plaintiff

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its efforts to describe its appearance seems to support rather than contradict this court's finding that MDI's alleged trade dress is functional.

merely offered the wholly unpersuasive fact that Messrs. McKenney, Kuczera and Ursprung could identify a WINDMASTER stand on the side of the road. Since plaintiff has the burden of proving *either* secondary meaning or inherent distinctiveness and chose to present *only* evidence of secondary meaning, with no alternative argument in favor of inherent distinctiveness, this court finds no palpable defect occurred in finding that MDI conceded inherent distinctiveness for purposes of this motion.

Third, plaintiff alleges that this court erred when it found that MDI's alleged trade dress had not acquired secondary meaning. In regard to the factor of direct consumer testimony, plaintiff contends that the court incorrectly found that consumers of WINDMASTER sign stands are professional purchasers, and that that finding led the court to the incorrect conclusion that consumers did not or could not identify MDI's sign stands by its trade dress.

While this court did find that consumers of sign stands are professional purchasers, the court did not find that consumers of sign stands could not identify MDI's stands. The court merely found that because deponents McKenney, Kuczera, and Ursprung were not consumers of sign stands, their deposition testimony was not relevant to the question of whether consumers of sign stands could identify MDI's sign stands by its alleged trade dress. Since MDI offered no other evidence of "direct consumer testimony" in support of its claim of secondary meaning, the court found for TrafFix on that factor.

MDI also asserts that it "did not believe that TrafFix seriously contested the issue of secondary meaning in view of such statements from its own witnesses and independent parties" and thus did not think further consumer evi-

dence was necessary.[3] Subsequent to oral arguments, however, MDI elected to submit without leave of, or notice to, this court forty declarations from parties it describes as professional purchasers of sign stands which it claims "provide direct testimony as to the significance of MDI's trade dress." Plaintiff asks this court to reconsider its findings in light of this additional evidence. This court declines to do so for the following reasons.

First, the declarations were solicited by plaintiff, which provided a form on which its customers simply filled in a few blanks. Consumer testimony in this format is not persuasive. In discounting the weight of very similar evidence, the court in *Aromatique, Inc. v. Gold Seal, Inc.*, 28 F.3d 863 (8th Cir.1994), stated that:

> the letters were merely copies, in some cases simply photocopies with the blank spaces filled in, of a form letter provided by Aromatique. As in the *Application of Mogen David*, '[i]n substance, they amounted to hardly more than a carte blanche ap-

[3] MDI characterizes the testimony of witnesses McKenney and Kuczera on the issue of consumer recognition of trade dress as "uncontested." This characterization, however, is not entirely accurate. *See* TrafFix's Brief in Opposition to MDI's motion for Summary Judgment, p. 13, where TrafFix contests MDI"s attempts to utilize the testimony of Kuczera and McKenney to establish the distinctiveness of the MDI design.

Moreover, in light of the arguments presented by TrafFix in their response brief, MDI"s assertion that it "did not believe that TrafFix seriously contested the issue of secondary meaning in view of such statements from its own witnesses" is incredible to say the least.

MDI also contends that it believed that it did not need to present further evidence of direct consumer testimony in light of the declaration testimony of the three MDI salesmen, Noone, Hyde and Scully. Such reliance, however, was clearly misplaced given that this court has on several previous occasions found that testimony to be inadmissible hearsay.

> proval of that which had been formulated by a party naturally and understandably desirous of serving its own interest.' (citation omitted).

Id. at 872. Moreover, like the letters submitted in *Aromatique*, the declarations submitted by MDI are unsworn. This court finds that these declarations should be accorded little, if any, weight as evidence of secondary meaning and accordingly finds that no palpable defect occurred in this regard.

Plaintiff next asks this court to reconsider its findings regarding its exclusivity, length and manner of use; amount and manner of advertising; and amount of sales and number of customers as they relate to secondary meaning. The court has adequately addressed these issues in its opinion and finds that no palpable defect has occurred in this regard. The court declines to reiterate its reasoning here, except to address two points made by plaintiff.

First, in arguing that MDI's patents are irrelevant to the issue of exclusivity of use, plaintiff contends that "anyone could have made a sign stand prior to 1989 which had virtually all of the unique aesthetic features of the WINDMASTER sign stands and yet not infringe any of MDI's patents." This court is hard pressed to imagine such a sign stand. For example, plaintiff points out that in order to infringe the '482 patent, it is necessary to have the center of gravity of the sign fall within the ends of the legs. It does not appear possible to this court for a sign stand to look like MDI's WINDMASTER product, be able to stand upright, and function as a sign stand, but have a center of gravity that falls outside the ends of the stand's legs. Notably, MDI has not offered a description of such a stand.

Second, plaintiff asserts that this court did not take into account the fact that MDI's patents expired in 1989

and that TrafFix's alleged infringement did not begin until 1994-95, about five years later. Plaintiff points out that under the Lanham Act, proof of substantially exclusive and continuous use of a mark for five years preceding application for registration *may* be accepted as *prima facie* evidence of secondary meaning. *See* 15 U.S.C. § 1052(f). This court notes that the plain language of the statute is clearly discretionary and also notes that MDI merely makes the conclusory statement that it enjoyed exclusive use for five years, but did not proffer evidence of exclusive use for that period. Moreover, in view of the fact that MDI licensed Eastern Metal to use its WINDMASTER dual spring configuration for at least a portion of that five-year period, it appears that MDI could not show exclusive use.[4]

Finally, on the issue of secondary meaning, plaintiff contends that this court failed to draw the appropriate inferences from the actions by TrafFix in copying MDI's alleged trade dress. The case law cited by this court in its opinion, however, provides ample basis for defendant's belief that once the patents on plaintiff's sign stands had expired, it, as well as anyone else, was entitled to copy the product. Nothing presented by plaintiff in its motion for reconsideration suggests that a palpable defect occurred in this regard.

Plaintiff's fourth argument is that this court committed error in not ruling that there is a likelihood of confusion between MDI's WINDMASTER products and TrafFix's sign stand because it improperly decided the secondary

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4 MDI contends that the license to Eastern Metal supports MDI's claim to trade dress rights because it is evidence that Eastern Metal acknowledged the value, meaning and significance of MDI's trade dress. This court, however, does not consider a license agreement with a third party, entered into in settlement of litigation, to be persuasive evidence of secondary meaning.

meaning issue. Because MDI offers no additional arguments besides those proffered in their secondary meaning argument, this court will not endeavor to readdress those arguments here.

Finally, plaintiff argues that this court committed error in finding MDI's WINDMASTER product functional as a matter of law. MDI focuses on the court's finding that exclusive use of the dualspring configuration by MDI would put competitors at a disadvantage because it is one of a limited number of superior designs. In support of its argument to the contrary, MDI cites deposition testimony, declarations, and advertising brochures, all of which accompanied its earlier briefs and was considered by the court. Further, MDI proffers additional evidence that not all DOTs require stands that can withstand 70-75 mph winds and that the results of tests conducted by David Hillstrom, a senior design engineer at MDI, show that the MDI sign stand and three competitors' stands "performed virtually identically in wind forces up to and including 75 mph."

In *Publishers Resource, Inc. v. Walker-Davis Publications, Inc.*, 762 F.2d 557 (7th Cir.1985), the Court discussed the issue of new evidence advanced in a motion for reconsideration. There, the court stated that:

> Motions for reconsideration serve a limited function; to correct manifest errors of law or fact or to present newly discovered evidence. *Such motions cannot* in any *case be employed as a vehicle to introduce* new evidence that could have been adduced *during the pendency of the summary judgment motion.* (emphasis in original).

Id. at 561. The court notes that all of the "new evidence" submitted by MDI could have been adduced during the pendency of its summary judgment motion and, at the

very least, advanced at oral arguments. MDI was well aware that "competitive necessity" is an element of a functionality determination and should have proffered all relevant evidence concerning that issue in its briefs or at oral arguments. Because the evidence now proffered by MDI is not "newly discovered," but could have been acquired during the pendency of its original motion, the court declines to re-analyze its finding concerning functionality in light of that evidence.

Even if this court were to allow the "new evidence" as proof that all three competitors' stands are comparable in terms of wind resistance, the fact that the number of superior designs available to competitors remains limited still supports a finding of functionality.[5] *See In re Bose Corp.*, 772 F.2d 866, 872 (Fed. Cir. 1985). Moreover, even if plaintiff's arguments regarding "competitive necessity" are accepted, this court reminds plaintiff that "competitive necessity" is but one element to consider in a determination of functionality.[6] As previously noted, the Federal Circuit has stated:

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5 Plaintiff also submits a declaration by Clifford Sadler stating that the court erred in concluding that existing patents on a number of sign stands claimed by MDI to be viable alternatives renders them unavailable. The court does not find that plaintiff has established that a palpable error occurred where plaintiff merely offers conclusions of law presented in a declaration unsupported by legal authority. As such, this court's conclusion, that the existence of utility patents on certain competing designs limits the number of superior designs available to competitors, is unaffected.

6 Plaintiff also contends that this court erred in finding that even though some competitors' sign stands are less expensive than the WINDMASTER stand, the change in design of the WINDMASTER stand from the widely-spaced dual-spring design to the closely spaced dual-spring design is evidence of the functionality of the dual-spring design. Plaintiff apparently misconstrues the court's finding. The court simply credited Mr. Hillstrom's testimony concerning the design change as evidence that MDI's dual-spring design *affects the cost or quality of the article*, not that it had any significance in relation to the cost of competitors' stands. As previously noted, the Supreme Court in *Qualitex* found such evidence to be indicative of functionality.

> That another type of [design] would work equally well does not negate that this [design] was designed *functionally* to enhance or at least not detract from the rest of the system. . . .

In re Bose Corp., 772 F.2d at 872 (emphasis in original). Accordingly, this court finds no palpable defect in regard to its finding on competitive necessity.

Similarly, the court finds plaintiff's arguments concerning the significance of the '696 and '482 patents unpersuasive. Plaintiff argues that the court's reasoning relative to these patents and a finding of functionality is in direct conflict with the general legal standards that trade dress rights can properly be asserted after a patent has expired. The court acknowledges that such rights, in certain circumstances, can be asserted. Such circumstances, however, do not exist in this case. A cursory review of this court's opinion reveals that it is well supported by authority stating that an expired utility patent can be evidence of functionality in the trade dress context. MDI, on the other hand, cites no legal authority for its argument that utility patents play no role in the determination of functionality of alleged trade dress. Accordingly, this court finds that no palpable defect occurred in this regard.

In sum, this court finds that plaintiff has not demonstrated a palpable defect which would result in a different disposition of plaintiff's motion for summary judgment. Accordingly, plaintiff's motion for reconsideration is denied.

SO ORDERED.

APPENDIX C

UNITED STATES DISTRICT COURT
E.D. Michigan
Southern Division

Civil Action No. 95-40230

MARKETING DISPLAYS, INC.,
Plaintiff,

v.

TRAFFIX DEVICES, INC.,
Defendant.

June 2, 1997

AMENDED MEMORANDUM
OPINION AND ORDER

GADOLA, District Judge.

Before the court are three motions by plaintiff, Marketing Displays, Inc. ("MDI"). The first motion is a motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), filed on October 16, 1996, seeking to have this court find, as a matter of law, that the use by defendant, TrafFix Devices, Inc. ("TrafFix"), of the mark WINDBUSTER infringes MDI's registered trademark WINDMASTER. The second motion, is a motion to dismiss, pursuant to Federal Rule of Civil Procedure 12(b)(6) or alternatively for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), filed on October 30, 1996, on Count II of TrafFix's counterclaim. The

third motion, is a motion for sanctions, pursuant to Federal Rule of Civil Procedure 11, filed on December 10, 1996, alleging that TrafFix's counterclaim is not well-grounded in fact or in law. This court, pursuant to Local Rule 7.1(e)(2) (E.D.Mich. Nov. 7, 1994), has decided to dispense with oral argument and will decide the motions on the submitted briefs.

I. Background

MDI manufactures and sells, *inter alia,* spring-mounted wind-resistant sign stands. MDI has been manufacturing and selling these sign stands since 1968 under the trademark WINDMASTER. The first sign stand sold under the WINDMASTER mark was a business-type wind-resistant sign stand that was used to display advertisements, such as those seen at gas stations.

In the mid 1970's MDI modified its business-type wind-resistant sign stands in order to utilize the wind-resistant concept for traffic warning signs. The traffic-type wind-resistant sign stands were used to hold signs such as "ROAD WORK AHEAD" and "ROAD CONSTRUCTION AHEAD". These traffic-type, spring-mounted wind-resistant sign stands were then sold under the same mark WINDMASTER in the traffic control field.

MDI's WINDMASTER mark and products have been used continuously since 1968 and have enjoyed substantial commercial success. In the traffic control field, the WINDMASTER mark and traffic-type sign stands have been used continuously since 1976. In 1977, MDI registered WINDMASTER as a federal trademark.[1]

MDI sells several millions of dollars per year of these WINDMASTER sign stands and spends at least tens of thousands of dollars each year extensively promoting them

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[1] The United States Trademark Registration No. for "WINDMASTER" is 1,068,875 ("875").

in its advertising, literature, customer contacts, and trade shows. The name and product have each developed substantial goodwill and recognition in the sign stand industry.

In 1986 Mr. Jack Kulp started TrafFix Devices, Inc. to manufacture and sell traffic-type sign stands and related products. Prior to starting TrafFix, Mr. Kulp worked for Lear Siegler. During the time that Mr. Kulp was employed with Lear Siegler, it was a distributor of MDI's WINDMASTER traffic-type sign stands.

In the fall of 1994, TrafFix began selling a spring-mounted wind-resistant sign stand which was virtually identical to MDI's WINDMASTER product. In developing this sign stand, TrafFix sent one of MDI's WINDMASTER sign stands to Korea to be "reverse engineered."

On January 11, 1994, prior to adoption of the WINDBUSTER name, Mr. Donald Stout, a registered patent attorney, conducted a tradmark search, on Mr. Kulp's behalf, to determine the availability of the name WINDBUSTER as a trademark for traffic sign stands. In his opinion letter, Mr. Stout considered MDI's prior "WINDMASTER" registration and concluded that TrafFix's use of WINDBUSTER was not confusingly similar to MDI's mark.

On February 10, 1994, also prior to adoption of the WINDBUSTER name, TrafFix filed an application with the United States Patent and Trademark Office ("PTO") for the purpose of obtaining a Federal Registration for the WINDBUSTER mark.

The WINDBUSTER mark was published in the Trademark Gazette for an opposition period[2] beginning on

[2] The opposition period allows anyone who believes that they may be damaged by the registration of the mark to object to the registration of the mark and actually prevent the registration of the mark until all issues are resolved in a trademark proceeding.

March 14, 1995. No opposition was filed. On June 21, 1995, the Trademark Office allowed the WINDBUSTER trademark. On January 9, 1996, United States Trademark Registration No. 1,947,386, ("386") for TrafFix's WINDBUSTER mark, issued.

On July 11, 1995, MDI filed its first complaint alleging: in Count I, Lanham Act trademark infringement; in Count II, violation of federal trade dress law; in Count III, Michigan common law unfair competition. On September 7, 1995, this court dismissed, without prejudice, Count III of MDI's complaint.

On August 21, 1996, MDI filed an amended complaint in which it realleged all three counts and added a fourth count claiming Lanham Act unfair competition. On September 30, 1996, TrafFix answered MDI's amended complaint and asserted two counterclaims. Count I alleged Lanham Act unfair competition and Count II alleged federal antitrust violations.

II. Legal Standard

a. Motion for Summary Judgment

Rule 56(c) of the Federal Rules of Civil Procedure provides that summary judgment "shall be rendered forthwith if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Summary judgment is appropriate where the moving party demonstrates that there is no genuine issue of material fact as to the existence of an essential element of the non-moving party's case on which the non-moving party would bear the burden of proof at trial. *Martin v. Ohio Turnpike Commission,* 968 F.2d 606, 608 (6th Cir.1992); *Celotex Corp. v. Catrett,* 477 U.S. 317,

322, 106 S.Ct. 2548, 2552, 91 L.Ed.2d 265 (1986). In considering a motion for summary judgment, the court must view the facts and draw all reasonable inferences therefrom in a light most favorable to the non-moving party. *60 Ivy Street Corporation v. Alexander,* 822 F.2d 1432, 1435 (6th Cir.1987). The court is not required or permitted, however, to judge the evidence or make findings of fact. *Id.* at 1435-36. The moving party has the burden of showing conclusively that no genuine issue of material fact exists. *Id.* at 1435.

A fact is "material" for purposes of summary judgment where proof of that fact would have the effect of establishing or refuting an essential element of the cause of action or a defense advanced by the parties. *Kendall v. Hoover Co.,* 751 F.2d 171, 174 (6th Cir.1984). In other words, the disputed fact must be one which might affect outcome of the suit under the substantive law controlling the issue. *Henson v. National Aeronautics and Space Administration,* 14 F.3d 1143, 1148 (6th Cir.1994). A dispute over a material fact is genuine "if the evidence is such that a reasonable jury could return a verdict for the non-moving party." *Id.* Accordingly, where a reasonable jury could not find that the non-moving party is entitled to a verdict, there is no genuine issue for trial and summary judgment is appropriate. *Feliciano v. City of Cleveland,* 988 F.2d 649 (6th Cir. 1993).

Once the moving party carries its initial burden of demonstrating that no genuine issues of material fact are in dispute, the burden shifts to the non-moving party to present specific facts to prove that there is a genuine issue for trial. To create a genuine issue of material fact, the non-moving party must present more than just some evidence of a disputed issue. As the United States Supreme Court stated in *Anderson v. Liberty Lobby, Inc.,* 477 U.S.

242, 249-50, 106 S.Ct. 2505, 2510-11, 91 L.Ed.2d 202 (1986):

> There is no issue for trial unless there is sufficient evidence favoring the non-moving party for a jury to return a verdict for that party. If the [non-moving party's] evidence is merely colorable, or is not significantly probative, summary judgment may be granted.

(Citations omitted); *see also Celotex,* 477 U.S. at 322-23, 106 S.Ct. at 2552-53; *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.,* 475 U.S. 574, 586-87, 106 S.Ct. 1348, 1355-56, 89 L.Ed.2d 538 (1986). Consequently, the non-moving party must do more than raise some doubt as to the existence of a fact; the non-moving party must produce evidence that would be sufficient to require submission of the issue to the jury. *Lucas v. Leaseway Multi Transp. Serv., Inc.,* 738 F.Supp. 214, 217 (E.D.Mich. 1990), *aff'd,* 929 F2d 701 (6th Cir. 1991).

b. Motion To Dismiss

Federal Rule of Civil Procedure 12(b)(6) authorizes the district courts to dismiss any complaint which fails "to state a claim upon which relief can be granted." Rule 12(b)(6) affords a defendant an opportunity to test whether, as a matter of law, the plaintiff is entitled to legal relief even if everything alleged in the complaint is true. In applying the standards under Rule 12(b)(6), the court must presume all well-pleaded factual allegations in the complaint to be true and draw all reasonable inferences from those allegations in favor of the non-moving party. *Mayer v. Mylod,* 988 F.2d 635, 638 (6th Cir.1993); *Miller v. Currie,* 50 F.3d 373, 377 (6th Cir. 1995). The court need not, however, accord the presumption of truthfulness to any legal conclusion, opinions

or deductions, even if they are couched as factual allegations. *Western Mining Council v. Watt*, 643 F.2d 618, 629 (9th Cir.1981); *Mitchell v. Archibald & Kendall, Inc.*, 573 F.2d 429, 432 (7th Cir. 1978); *Sexton v. Barry*, 233 F.2d 220, 223 (6th Cir. 1956). Dismissal for failure to state a claim is disfavored:

> [A] complaint should not be dismissed for failure to state a claim unless it appears beyond doubt that the plaintiff can prove no set of facts in support of his claim which would entitle him to relief.

Conley v. Gibson, 355 U.S. 41, 45-46, 78 S.Ct. 99, 102, 2 L.Ed.2d 80 (1957). *See also Cameron v. Seitz*, 38 F.3d 264, 270 (6th Cir.1994) (stating that a motion to dismiss should be denied unless "it is clear that the plaintiff can prove no set of facts in support of [its] claim that would entitle [it] to relief.").

III. Applicable Law

a. Trademark Infringement

In order to prevail on a motion for summary judgment in a trademark case, the moving party must establish that an accused name or trademark infringes another's trademark rights so that the accused party's mark is "likely to cause confusion" in the minds of purchasers or prospective purchasers. 15 U.S.C. § 1114. *See also Wynn Oil Co. v. Thomas*, 839 F.2d 1183, 1186 (6th Cir.1988). The determination of that issue is a question of law that may properly be decided on a motion for summary judgment. *WSM, Inc. v. Tennessee Sales Co.*, 709 F.2d 1084, 1086 (6th Cir.1983).

The legal test for determining whether a "likelihood of confusion" exists is well settled. In *Frisch's Restaurants, Inc. v. Elby's Big Boy*, 670 F.2d 642 (6th Cir.1982),

the Sixth Circuit set forth eight factors that are relevant to the likelihood of confusion:

1. strength of the plaintiff's mark;
2. relatedness of the goods;
3. similarity of the marks;
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. defendant's intent in selecting the mark;
8. likelihood of expansion of the product lines.

Id. at 648 (quoting *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348 (9th Cir.1979)). In *Wynn*, the Sixth Circuit explained how the *Frisch* factors are to be applied:

> These factors are simply a guide to help determine whether confusion would be likely to result from simultaneous use of the two contested marks. They imply no mathematical precision, and a plaintiff need not show that all, or even most, of the factors listed are present in any particular case to be successful. As we said in *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 834 (6th Cir. 1983), "[t]he general concept underlying likelihood of confusion is that the public believe that 'the mark's owner sponsored or otherwise approved of the use of the trademark.' " (citations omitted).

Id. at 1186.

b. Monopolization

To establish the offense of monopolization or attempted monopolization in violation of § 2 of the Sherman Act, TrafFix must show that MDI:

> . . . either unfairly attained or maintained monopoly power. (citation omitted). Monopoly power consists of 'the power to control prices or exclude competition.' (citation omitted). An attempted monopolization occurs when a competitor, with a 'dangerous probability of success,' engages in anti-competitive practices the specific design of which are, to build a monopoly or exclude or destroy competition. (citations omitted). In order to succeed on either a monopolization or attempt to monopolize claim plaintiffs must establish the relevant product and geographic markets in which they compete with the alleged monopolizers. (citations omitted).

Smith v. Burns Clinic Medical Center, P.C., 779 F.2d 1173, 1175-76 (6th Cir.1985). (quoting citation omitted). *See also White & White, Inc. v. American Hospital Supply Corp.*, 723 F.2d 495, 506-07 (6th Cir.1983) (stating that "[t]he offense of attempt to monopolize . . . is composed of the following elements: 1. Specific intent to monopolize; 2. Anti-competitive conduct; 3. A dangerous probability of success.") The *White & White* court also stated that a "[s]pecific intent to monopolize may be inferred from evidence of anti-competitive conduct, (citation omitted) but not from legitimate business practices aimed only at succeeding in competition, (citations omitted)." *White & White*, 723 F.2d at 507.

c. Sanctions

"Rule 11 imposes a duty on attorneys to certify that they have conducted a reasonable inquiry and have determined that any papers filed with the court are well-grounded in fact, legally tenable, and 'not interposed for any improper purpose.'"[3] *McGhee v. Sanilac County*,

[3] Rule 11 provides, in relevant part, that:

> *(b) Representations to court.* By presenting to the court (whether by signing, filing, submitting, or later advocating)

934 F.2d 89, 93 (6th Cir.1991) (citing *Cooter & Gell v. Hartmarx Corp.*, 496 U.S. 384, 110 S.Ct. 2447, 392-94, 2454, 110 L.Ed.2d 359 (1990)). In deciding whether to impose sanctions, this court must be sensitive to concerns that sanctions may "chill" the attorney creativity and vigorous advocacy which are inherent components of our civil justice system. *See, e.g., Yancey v. Carroll County, Ky.*, 674 F.Supp. 572, 575 (E.D.Ky. 1987), *aff'd*, 884 F.2d 581 (6th Cir.1989).

IV. Analysis

As a matter of "housecleaning", this court will, once again, dismiss, without prejudice, Count III of MDI's amended complaint for the reasons set forth in this court's September 7, 1995 order.[4] MDI is again directed to M.C.L. § 600.5856, regarding the tolling of the state statute of limitations. *See also Lee v. Grand Rapids Bd. of Educ.*, 148 Mich.App. 364, 384 N.W.2d 165 (1986);

> a pleading, written motion, or other paper, an attorney or unrepresented party is certifying that to the best of the person's knowledge, information, and belief, formed after an inquiry reasonable under the circumstances,—
>
> (1) it is not being presented for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation;
>
> (2) the claims, defenses, and other legal contentions therein are warranted by existing law or by a non-frivolous argument for the extension, modification, or reversal of existing law or the establishment of new law;
>
> (3) the allegations and other factual contentions have evidentiary support or, if specifically so identified, are likely to have evidentiary support after a reasonable opportunity for further investigation or discovery; . . .
>
> Fed. R. Civ. P. 11(b)(1)-(3).

[4] This court was informed, by letter dated January 17, 1997, from MDI's principal counsel, that MDI never received this court's September 7, 1995 order.

Shrader, Inc. v. Ecclestone Co., 22 Mich.App. 213, 177 N.W.2d 241 (1970).

a. Trade Mark Infringement

At the outset, TrafFix argues that there is a presumption that the WINDBUSTER mark does not infringe on the WINDMASTER mark since the Patent and Trademark Office allowed the WINDBUSTER mark even though they were "presumably" aware of the WINDMASTER mark. TrafFix, however, cites no legal authority, and this court was unable to find any authority that stands for the proposition that it is entitled to a presumption of no likelihood of confusion because the PTO allowed its mark. Moreover, TrafFix offers no direct evidence that the PTO was even aware of the WINDMASTER mark. Had TraFix brought the WINDMASTER mark to the attention of the PTO, as it did to its own trademark attorney prior to his issuance of an opinion letter, TrafFix's argument would be more persuasive. This, however, was clearly not done by TrafFix in this case. As such, this court will engage in a *Frisch* factor analysis to determine whether the WINDBUSTER mark infringes on the WINDMASTER mark. This analysis is undertaken without giving TrafFix the benefit of a presumption that its mark is not confusingly similar to the WINDMASTER mark.

1. Strength of the plaintiff's mark.

MDI contends that it owns incontestible trademark rights in the WINDMASTER mark, as a matter of law, since the WINDMASTER mark has been registered for more than five years, i.e. since 1977. *See Wynn Oil Co.*, 839 F.2d at 1187.

TrafFix, on the other hand, argues that the WINDMASTER trademark applies only to "business-type WINDMASTER" products, which are separate from the traffic

sign stand products. TrafFix points to the description of the WINDMASTER product listed in the registration: "*metal, non-tippable display apparatus for use in holding and displaying signs,* posters, metal panels, and advertising messages, in class 6." (emphasis added) However, this court finds that the above product description is not so constrictive as to limit the WINDMASTER mark to only a business-type application. Moreover, the description of the WINDBUSTER product listed in TrafFix's registration is virtually identical to that for the WINDMASTER product, to wit: "*yieldable, self-uprighting metallic stand for use in holding and displaying signs,* fabric panels, rigid panels, and the like." (emphasis added). As such, this court finds that MDI does have incontestable trademark rights in the WINDMASTER mark.

Even if this court did not determine that MDI enjoys incontestable trademark rights in the WINDMASTER mark, it would, nevertheless, find that the WINDMASTER mark is strong. MDI has used the WINDMASTER mark in the traffic control field for over twenty years with substantial success. There have been over 28 million dollars in sales of WINDMASTER sign stands. Moreover, MDI has expended large sums of money in advertising the WINDMASTER line of stands which has resulted in widespread recognition. Even Mr. Kulp, TrafFix's president and principal owner, acknowledged that WINDMASTER sign stands were well received. As such, this court finds that this factor favors MDI.

2. Relatedness of the goods.

TrafFix cannot credibly represent to this court that the WINDBUSTER product is not virtually identical to the WINDMASTER product as evidenced by a mere com-

parison of the advertising literature of the respective parties. Both products use a pair of closely spaced vertically oriented coil springs to hold the same type of sign upright on a narrow, four legged base. Indeed, TrafFix has already conceded that the WINDBUSTER product was at least "reverse engineered." Moreover, TrafFix's attempt to highlight minor differences in the goods, such as color, is not compelling. As such, this court finds that this factor favors MDI.

3. Similarity of the marks.

At the outset, this court rejects TrafFix's attempt to dissect the marks in question. The Sixth Circuit, in *Little Caesar Ent., Inc. v. Pizza Caesar, Inc.*, 834 F.2d 568 (6th Cir.1987) stated:

> Although both marks employ the word "Caesar," we are warned by Professor McCarthy that a trademark 'should not be split up into its component parts and each part then compared with parts of the conflicting mark to determine the likelihood of confusion. It is the impression which the mark as a whole creates on the average reasonably prudent buyer and not the parts thereof which is important.'

Id. at 571. (quoting Professor J. Thomas McCarthy, in *Trademarks and Unfair Competition* § 23:15 (2d ed. 1984)).

Here, the WINDBUSTER mark is similar both in appearance and sound and conveys substantially the same meaning as the WINDMASTER mark. Both marks have the same number of letters with the first and fifth letters being capitalized in each mark. Only two letters are different between the two marks—the "MA" from WINDMASTER and the "BU" in WINDBUSTER. Both marks are black and have a similar font or script.

When spoken, both marks sound substantially similar to each other. Both marks have the same number of syllables and contain the identical prefix "WIND," and suffix "STER." Most compelling, is that the dominant portions of each mark, "WIND," are identical. The Federal Circuit has stated that:

> [A] particular feature of a mark may be more obvious or dominant, and therefore, when determining likelihood of confusion, greater weight ought to be given to the force and effect of such a feature.

Kangol Ltd. v. Kangaroos U.S.A. Inc., 974 F.2d 161, 163 (Fed.Cir.1992).

TrafFix argues that "WIND" is not the dominant portion of the respective marks as evidenced by MDI's use of the "MASTER" portion of the mark in its other sign stand trademarks, i.e. TRAFFICMASTER and STEELMASTER. This argument, however, belies the fact that the "WIND" prefix is the portion of the mark that purchasers of wind resistant sign stands remember regardless of whether MDI utilizes the "MASTER" portion of the mark in its other products.

Finally, both WINDBUSTER and WINDMASTER connote the same meaning, i.e. that the mark may be related in some way to the ability of the product to withstand windy conditions. As such, this court finds that this factor favors MDI.

4. Evidence of actual confusion.

As evidence of actual confusion, MDI offers the declarations of several of its employees who state that there have been instances of actual confusion by customers calling MDI about WINDBUSTER signs. MDI also offers the declaration of Ron Lunt, a buyer from the City of Dover, Delaware.

TrafFix argues that MDI's proffered evidence is inadmissible hearsay, and requires that this court make credibility determinations which are not permitted in summary judgment proceedings. MDI responds that such evidence is admissible as non-hearsay or as a state of mind exception to the hearsay rule pursuant to Federal Rule of Evidence 803(3). Both parties cite cases in support of their respective positions, none of which are binding precedent on this court. Without entering into a lengthy analysis, this court concludes that it is in agreement with the reasoning of those cases cited by TrafFix which hold that employee testimony regarding alleged telephone conversations with purchasers is unreliable hearsay which does not invoke the 803(3) state of mind exception.

Mr. Lunt's declaration, however, in which he states that he "assumed that WINDBUSTER was just another product being offered by MDI in its sign stand line," cannot be considered inadmissible hearsay. Mr. Lunt is plainly stating that he was, indeed, confused as to the origin of WINDBUSTER. Nevertheless, Mr. Lunt's testimony, alone, is *de minimis*.

TrafFix goes on to urge this court to find that, because the evidence of actual confusion is *de minimis* and because the parties are in direct competition in the traffic control marketplace, an inference of *no* likelihood of confusion should be made. For that proposition, TrafFix quotes a portion of the Sixth Circuit's holding in *Homeowners Group, Inc. v. Home Marketing Specialists, Inc.*, 931 F.2d 1100, 1110 (6th Cir.1991). There, the Sixth Circuit stated: "Indeed, the existence of only a handful of instances of actual confusion after a significant time or a significant degree of concurrent sales under the respective

marks *may* even lead to an inference that no likelihood of confusion exists. (citation omitted)" (emphasis added).[5]

However, TrafFix's reliance on *Homeowners* is misplaced since there, the Sixth Circuit, without explicitly deciding whether to draw such an inference, only stated that such an inference *may* be drawn. In addition, the Sixth Circuit recognized that such an inference may be proper only where "the parties have been doing business in the same area for some time. . . ." *Id.* (citing cases in which business was conducted over three years and fifteen years.) In the instant case, at the time the complaint was filed, the parties had been competing for less than a year. This is not a sufficient amount of time from which to draw an inference of no actual confusion. Moreover, this court notes that TrafFix has not proffered any evidence of its own showing that no actual confusion exists. As such, this court finds that this factor favors neither party.

5. Marketing channels used.

There is apparently no dispute that the parties use the same marketing channels as TrafFix does not contest this factor in its response. As such, this court finds that both parties market their respective products to contractors, government entities, and utilities and that this factor favors MDI.

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[5] This court will presume that counsel for TrafFix, merely misstated the holding in *Homeowners* to this court. Counsel quoted the *Homeowner's* language, in the above parenthetical, as: ". . . . Indeed, the existence of only a handful of instances of actual confusion after a significant time or a significant degree of concurrent sales under the respective marks *that* even lead to an inference that no likelihood of confusion exists." (emphasis added). In the event, however, that such a misstatement is made in the future, by either party, there will be no such favorable presumption and this court will expore the imposition of Rule 11 sanctions.

6. Likely degree of purchaser care.

The relevant buyer class for traffic-type products is professional purchasers. The Sixth Circuit, in *Homeowners*, stated that:

> When the relevant buyer class is composed of such professional purchasers the likelihood of confusion is lower. That is, 'while two marks might be sufficiently similar to confuse an ordinary consumer, a professional buyer or an expert in the field may be more knowledgeable and will not be confused.'

Homeowners, 931 F.2d at 1111 (citing 2 J. McCarthy § 23:29, at 135). As such, this factor favors TrafFix.

7. Defendant's intent in selecting the mark.

In the instant case, Mr. Kulp requested an opinion letter from his trademark attorney prior to marketing his product under the WINDBUSTER mark. That letter concluded that WINDBUSTER and WINDMASTER were not confusingly similar. Moreover, the Trademark Office's allowing the mark, although not an implicit finding that the WINDBUSTER mark was not confusingly similar, *see* discussion *supra*, is evidence of an absence of improper intent on the part of TrafFix in selecting the mark. As such, this factor favors TrafFix.

8. Likelihood of expansion of the product lines.

Both parties concede that this factor does not favor either party.

Thus, after examining the eight *Frisch* factors, this court concludes that there is a clear likelihood of confusion between the WINDMASTER and WINDBUSTER marks. The closely related nature of the products and the similarity of the marks make it highly probable that a purchaser of WINDBUSTER would assume that it has some affiliation with WINDMASTER products.

b. Monopolization

At the outset, this court will treat MDI's motion to dismiss the counterclaim, or in the alternative summary judgment, as a motion for summary judgment. Where a motion to dismiss for failure to state a claim is made under Rule 12 and "matters outside the pleadings are presented and not excluded by the court, the motion shall be treated as one for summary judgment and disposed of as provided in Rule 56." Fed.R.Civ.P. 12(b)(6).

The parties are in agreement that "before reaching the merits of an antitrust claim, it is necessary to identify the relevant markets." *Potters Medical Center v. City Hospital Assn.*, 800 F.2d 568, 574 (6th Cir. 1986). The Supreme Court has set forth the legal test for determining the relevant market as follows:

> When a product is controlled by one interest, without substitutes available in the market, there is monopoly power. . . . *But where there are market alternatives that buyers may readily use for their purposes, illegal monopoly does not exist merely because the product said to be monopolized differs from others.* If it were not so, only physically identical products would be a part of the market.

United States v. E.I. du Pont de Nemours & Co., 351 U.S. 377, 394, 76 S.Ct. 994, 1006-07, 100 L.Ed. 1264 (1956) (emphasis added). The Sixth Circuit has interpreted this as requiring a determination of those products "that are either (1) identical to or (2) available substitutes for defendant's product or service." *White & White*, 723 F.2d at 500. The *White & White* court went on to emphasize the "reasonable interchangeability" standard,

id., "which allows for closely related product substitutes to be considered in the relevant market. . . ." *Car-Freshner Corp. v. Auto Aid Manufacturing Corp.*, 195 USPQ 747, 438 F.Supp. 82 (N.D.N.Y.1977).

TrafFix, in its counterclaim, defines the relevant market as "wind resistant sign stands *mounted on dual springs.*" (emphasis added). MDI, on the other hand, contends that the relevant market is "wind-resistant sign stands."[6] Later, in its response to MDI's motion, TrafFix amends its definition of the relevant market, or submarket, to be "wind resistant sign stands with dual springs [that] *are designed for use with 4' x 4' rigid signs.*"

In support of its motion, MDI offers evidence of third party competitors that use other types of spring-type mechanisms, not just dual springs. For instance, Eastern Metals of Elmira, Dicke Tool Co., and Sign-Up Corp., all of which are admitted by Jack Kulp, TrafFix's president and principal owner, to be direct competitors to MDI and TrafFix in the marketplace.[7] Those company's

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[6] TrafFix correctly points out that this definition would include MDI's business sign stands which are not at issue here. As such, the court will presume, for purposes of the instant motion only, that when MDI refers to "wind-resistant sign stands," it is referring to "wind-resistant [traffic] sign stands."

[7] At Mr. Kulp's deposition on August 5, 1996, the following testimony was elicited:

Q: What products in the marketplace does the WindBuster sign stand compete with?

A: The SteelMaster.

Q: What other product?

A: Eastern Metal Sign stand, Elmira. S & S sign stand; Skip and Smith I think the S & S stands for. Dicke Tool sign stand. Sign-Up Corporation sign stand. Korman Signs sign stands, Virginia. And Work Area used to have a sign stand, I don't know that they still have them.

compete with the WINDMASTER and WINDBUSTER products by selling resiliently mounted sign stands which use, respectively, a single fiberglass leaf spring mechanism, a single horizontal coil spring mechanism, and a single enclosed tension spring mechanism.[8]

Q: And—

A: Bone Safety Sign, that's another one.

Q: And Eastern Metal, the full name of that company is Eastern Metal of Elmira?

A: That's my understanding.

Q: What product of these companies does the WindBuster compete with?

A: Competes with their rigid sign holders.

Q: All these companies have a wind resistant sign holder that has some type of spring mechanism in it?

A: That's my understanding.

Q: So any one of these sign stands of these companies have a wind resistant sign stand with a resilient member that competes with the WindBuster?

A: That's my understanding.

[8] At Mr. Kulp's deposition on August 5, 1996, the following testimony was elicited:

Q: What products in the marketplace does the Windbuster sign stand [TrafFix's product] compete with?

A: The SteelMaster [MDI's product].

Q: What other product?

A: Eastern Metal sign stand, Elmira, S & S sign stand; Skip and Smith I think the S & S stands for. Dicke Tool sign stand. Sign-Up Corporation sign stand. Korman Signs sign stands, Virginia. And Work Area used to have a sign stand, I don't know that they still have them.

Q: All three of those products you just mentioned; the Eastern Metal *flat spring*, Dicke Tool *horizontal spring* and the Sign-Up *power cell*, they are all products which compete in the marketplace with the Windbuster sign stand [TrafFix's product], are they not?

A: After a fashion.

Q: They do compete?

A: Yes.

TrafFix claims that a genuine issue of material fact exists for three reasons. First, it argues, as mentioned above, that the relevant market is wind resistant sign stands with dual springs that are designed for use with 4′ x 4′ rigid signs. However, this argument is directly contradicted by Kulp's testimony, quoted above, in which he admits that TrafFix's sign stands compete with the sign stands of various third-parties, including Dicke Tool, Korman, Work Area Protection, Eastern Metals, Sign-Up, and S & S.[9]

It is generally established that, under Rule 56, a party may not create a genuine issue of material fact by submitting an affidavit, after a motion for summary judgment has been made, containing conclusory allegations that contradict prior admissions or desposition testimony. *See Dotson v. United States Postal Service*, 977 F.2d 976, 978 (6th Cir.1992) (plaintiff's affidavit opposing summary judgment, which contradicted prior statements that he was "fired" from prior employment, failed to create a genuine issue of material fact in a Title VII wrongful termination action); *Freeman v. Unisys Corp.*, 898 F. Supp. 485, 490 (E.D.Mich. 1995) (stating that "[a] party may not create a factual issue by filing an affidavit, after a motion for summary judgment has been made, which contradicts [his] earlier deposition testimony.");

[9] It is also telling that in TrafFix's response to request no. 21 of MDI's second set of requests for admissions, TrafFix admits "that it is using the mark WINDBUSTER in connection with *wind-resistant traffic sign stands*." Certainly, this was an opportune time for TrafFix to correct MDI by means of a denial and to state what it considered the relevant market for its WINDBUSTER product to be. TrafFix, however, did not specify that it was using the WINDBUSTER mark in connection with "wind resistant sign stands with dual springs that are designed for use with 4′ x 4′ rigid signs" much less state that it was using the mark in connection with "wind resistant sign stands mounted on dual springs."

United States v. Certain Real Property, 791 F.Supp. 171, 173 (E.D.Mich.1992) (defendant's affidavit contradicting admissions in deposition testimony concerning knowledge of illegal drug activities deemed insufficient to create a genuine issue of material fact). *See also Miller v. A.H. Robins Co., Inc.*, 766 F.2d 1102, 1105 (7th Cir. 1985) ("Parties cannot thwart the purpose of Rule 56 by creating issues of fact through affidavits that contradict their own depositions."). *Francis v. Gaylord Container Corp.*, 837 F.Supp. 858, 864 (S.D.Ohio), *aff'd*, 9 F.3d 107 (1993) (contradictory post-deposition affidavits by a witness are improper and should not be considered by the court in deciding the summary judgment motion) (citing *Gagne v. Northwestern Nat'l Ins. Co.*, 881 F.2d 309, 315 (6th Cir.1989)).

Moreover, TrafFix offers no evidence to support its position that the relevant market is wind resistant sign stands with dual springs that support 4′ x 4′ rigid signs. In fact, at least four of MDI's and TrafFix's competitors, Eastern Metal, Sign-Up, Dicke Tool, Services & Materials, expressly state in their literature that their single spring systems can be used for rigid signs. As such, this argument is rejected outright.

Second, TrafFix argues that there is a genuine question of material fact because MDI in several filings with the PTO stressed that dual spring stands perform different functions than single spring stands. This "evidence", however, is too casual to be persuasive particularly in light of the acknowledged single spring competitors of TrafFix and MDI. This argument is, therefore, rejected.

Finally, TrafFix argues that since many governmental agencies, in their bidding specifications for stands for 4′ by 4′ signs, prescribe only dual spring stands, there is genuine question of material fact. However, of the five

bid specifications provided to this court by TrafFix, only two specifically call for a dual spring system and a third specification arguably calls for such a system by referencing a model that uses the dual spring system. Such "evidence" is *de minimis* and does not create a genuine issue of material fact.

As such, this court concludes that no reasonable trier of fact could find that the relevant market is wind resistant sign stands mounted on dual springs, much less wind resistant sign stands with dual springs that are designed for use with 4′ x 4′ rigid signs. Instead, a reasonable trier of fact would have to find that the relevant market is wind-resistant sign stands. Because TrafFix's definition of the relevant market is plainly incorrect, and because that definition is inexorably intertwined with its monopolization claim, summary judgment as to that claim is appropriate.

Regardless, TrafFix has failed to put forth any evidence that MDI has engaged in anti-competitive activity. TrafFix merely alleges that MDI is engaged in anti-competitive activity by virtue of asserting trade dress rights. However, it is axiomatic that the patent and trade dress laws protect different interests, *Thomas & Betts Corp. v. Panduit Corp.*, 65 F.3d 654, 657-58 (7th Cir. 1995), and that courts allow a party to assert trade dress rights after its patent has expired. *See, e.g., Kohler Co. v. Moen Inc.*, 12 F.3d 632, 638 (7th Cir.1993); *Application of Mogen David Wine Corp.*, 51 C.C.P.A. 1260, 328 F.2d 925, 930 (C.C.P.A.1964); *Zip Dee, Inc. v. Dometic Corporation*, 931 F.Supp. 602, 612 (N.D.Ill. 1996).

TrafFix argues that cases finding trade dress rights after the patent has expired only address design patents. TrafFix contends that where the patent in question is a

utility patent, courts have declined to extend trademark protection. However, TrafFix fails to cite any authority for that proposition. Moreover, TrafFix fails to cite any authority, and this court was unable to find such authority, that stands for the proposition that the mere assertion of trade dress rights by a party after its patent rights have expired, even where the expired patent was a utility patent, is an unlawful attempt to monopolize in contravention of 15 U.S.C. § 2.

This court finds that the mere assertion of trademark rights does nct constitute a dangerous probability that MDI would gain monopoly power in the market of wind-resistant signs.

TrafFix is certainly entitled to and will have the opportunity to attack the validity of MDI's trade dress claims on the grounds that the dual spring design is functional when the time comes. This court merely holds, at this time, that TrafFix has not offered any evidence of anti-competitive activity and that therefore summary judgment, in favor of MDI, is appropriate.

c. Sanctions

At the outset, it should be noted that TrafFix has failed to timely[10] respond to MDI's motion for Rule 11 sanctions.[11] That motion sought sanctions for the filing

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[10] Since MDI filed its motion for Rule 11 sanctions on December 10, 1996, TrafFix's response was due on December 30, 1996.

[11] Ms. Marshall, counsel for TrafFix, has represented to this court that an agreement was reached between the parties to extend the response deadline to January 10, 1997. This court, however, did not approve any such extension to respond nor was it even made aware of such an agreement. *See* Local Rule 7.1(f) (E.D.Mich. Nov. 7, 1994). Yet again, this court must caution the parties that any similar future conduct will not be countenanced by this court and may very well result in the imposition of Rule 11 sanctions.

of an antitrust counterclaim by TrafFix even though there was evidence elicited during discovery which contradicted that claim. Without engaging in a protracted analysis, this court finds that Rule 11 sanctions are not appropriate in this instance. While this court will dismiss TrafFix's counterclaim, it does not find that this claim is so ungrounded in fact or law that sanctions are warranted. Suffice it to say, this court remains sensitive to concerns that sanctions may "chill" the attorney creativity and vigorous advocacy which are inherent components of our civil justice system. *See, e.g., Yancey v. Carroll County, Ky.*, 674 F.Supp. 572, 575 (E.D.Ky.1987), *aff'd*, 884 F.2d 581 (6th Cir.1989).

Instead, this court is more troubled by TrafFix's conduct during the litigation thus far. *See* discussion *supra* notes 5, and 11. Although this conduct has been less than exemplary, this court does not find that it has risen to the level that warrants the imposition of sanctions. Rather, this court trusts that such behavior will cease in the future.

V. Conclusion

In sum, this court, for the reasons discussed above, will grant MDI's motions, pursuant to Federal Rule of Civil Procedure 56(c), for summary judgment on its trademark infringement claim and on TrafFix's antitrust counterclaim. This court will, however, deny MDI's motion, pursuant to Federal Rule of Civil Procedure 11, for sanctions.

ORDER

IT IS HEREBY ORDERED that plaintiff, MARKETING DISPLAYS, INC.'s, motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), on Count I of its amended complaint, is GRANTED.

IT IS FURTHER ORDERED that defendant, TRAFFIX DEVICES, INC., is immediately and permanently ENJOINED from using the mark "WINDBUSTER."

IT IS FURTHER ORDERED that plaintiff, MARKETING DISPLAYS, INC.'s, motion for summary judgment, pursuant to Federal Rule of Civil Procedure 56(c), on Count II of defendant's counterclaim, is GRANTED and that defendant, TRAFFIX DEVICES, INC., take nothing.

IT IS FURTHER ORDERED that MDI's motion for sanctions, pursuant to Federal Rule of Civil Procedure 11, is DENIED.

SO ORDERED.